



巨匠建设
JUJIANG CONSTRUCTION GROUP

Jujiang Construction Group Co., Ltd.
巨匠建设集团股份有限公司

(A joint stock limited company established in the People's Republic of China)
(Stock Code: 1459)

2025
ANNUAL
REPORT



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Lyu Yaoneng (*Chairman*)
Mr. Lyu Dazhong
Mr. Li Jinyan
Mr. Lu Zhicheng
Mr. Shen Haiquan
Mr. Zheng Gang

Independent non-executive Directors

Mr. Ma Tao
Mr. Wang Xinglong
Ms. Lam Fei Sui

SUPERVISORS

Mr. Lyu Xingliang
Mr. Chen Xiangjiang
Mr. Zou Jiangtao
Mr. Zhu Jialian

AUDIT COMMITTEE

Ms. Lam Fei Sui (*Chairlady*)
Mr. Wang Xinglong
Mr. Ma Tao

NOMINATION COMMITTEE

Mr. Ma Tao (*Chairman*) (redesignated from member to chairman on 27 May 2025)
Mr. Lyu Yaoneng
Mr. Wang Xinglong (resigned as member on 27 May 2025)
Ms. Lam Fei Sui (appointed on 27 May 2025)

REMUNERATION AND APPRAISAL COMMITTEE

Mr. Wang Xinglong (*Chairman*) (redesignated from member to chairman on 27 May 2025)
Mr. Lyu Yaoneng
Mr. Ma Tao (redesignated from chairman to member on 27 May 2025)

STRATEGIC COMMITTEE

Mr. Lyu Yaoneng (*Chairman*)
Mr. Zheng Gang
Mr. Ma Tao

COMPANY SECRETARY

Mr. Jin Shuigen

AUTHORISED REPRESENTATIVES

Mr. Lyu Yaoneng
Mr. Jin Shuigen

LEGAL ADVISER

As to Hong Kong Law

DeHeng Law Offices (Hong Kong) LLP

As to PRC Law

AllBright Law Offices

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
under the Accounting and Financial Reporting Council Ordinance

H SHARE REGISTRAR

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

PRINCIPAL BANKERS

China Construction Bank Corporation Tongxiang Branch
Industrial and Commercial Bank of China Limited Tongxiang Branch
Industrial Bank Co., Ltd Jiaxing Branch
Bank of Communications Co., Ltd Tongxiang Branch
China Merchants Bank Co., Ltd Jiaxing Tongxiang Branch

CORPORATE INFORMATION

REGISTERED ADDRESS

No. 669 Qingfeng South Road (South)
Tongxiang City
Zhejiang Province
PRC

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN PRC

No. 669 Qingfeng South Road (South)
Tongxiang City
Zhejiang Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

28/F
Henley Building
5 Queen's Road Central
Central
Hong Kong

STOCK CODE

1459

WEBSITE

www.jujiang.cn

FIVE-YEAR FINANCIAL SUMMARY

Year ended 31 December	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Major Items of Consolidated Statement of Profit or Loss and other Comprehensive Income					
Revenue	4,336,851	6,780,685	8,315,073	8,551,596	10,047,929
Gross profit	189,908	277,521	344,133	363,631	471,082
Gross profit margin	4.38%	4.09%	4.14%	4.25%	4.69%
(Loss)/profit for the year	(46,181)	13,731	12,030	55,795	93,430
Net (loss)/profit margin	(1.06%)	0.20%	0.14%	0.65%	0.93%
As at 31 December					
Major Items of Consolidated Statement of Financial Position					
Non-current assets	424,518	477,669	504,006	505,157	484,411
Current assets	5,138,676	5,836,918	6,321,370	5,991,039	5,678,285
Non-current liabilities	90,705	116,636	138,646	159,152	171,983
Current liabilities	3,884,760	4,558,141	5,047,602	4,692,739	4,382,741
Total equity	1,587,729	1,639,810	1,639,128	1,644,305	1,607,972
Gearing ratio ^(Note 1)	8.7%	16.0%	15.9%	13.2%	18.9%

Note:

- (1) Gearing ratio represents net debt divided by total equity as of the end of a year. Net debt is defined as all interest-bearing bank and other borrowings deducted by cash and bank balances and pledged deposits

CHAIRMAN'S STATEMENT

Dear Shareholders:

On behalf of the board (the "Board") of directors (the "Directors") of Jujiang Construction Group Co., Ltd. ("Jujiang Construction" or the "Company", together with its subsidiaries, the "Group"), I hereby present the annual results of the Company for the year ended 31 December 2025.

The Group's turnover for the year was approximately RMB4,336.9 million, representing a decrease of approximately 36.0% year-on-year. The Group recorded a net loss of approximately RMB46.2 million for the year, compared to a net profit of approximately RMB13.7 million in 2024.

In 2025, the global economy experienced a sluggish recovery amidst volatility, coupled with persistent geopolitical risks and inflationary pressures. Given the profound adjustment in China's construction industry, characterised by an ongoing downturn in the property market and a sharp contraction in traditional residential development, the industry has accelerated its transition towards industrialisation, digitisation, and green development. Faced with such a challenging external environment, The Group has adhered to the guiding principle of "Staying True to our Purpose, Strengthening our Foundations, and Achieving Sustainable Growth". By proactively restructuring its business in response to the contraction and reinforcing its management fundamentals under market pressure, the Group has successfully navigated the industry cycle, achieving a fine balance between stable operations and high-quality development.

Despite the overall pressure on the industry, Jujiang Group has actively embraced business restructuring with its keen market insights and robust technical capabilities. The total value of new projects secured for the year exceeded RMB3.71 billion, including a number of high-quality, large-scale projects such as the Yiwu Jin-Yi Free Trade Zone Smart Connected Vehicle Innovation Industrial Park and Supporting Infrastructure Project. During the year, we focused our strategic resources on the industrial and public construction segments, which are less affected by macro-control measures. Industrial and public construction projects have become the Group's primary business drivers, accounting for 72% and 20% of our portfolio respectively, with industrial projects achieving strong year-on-year growth. While consolidating our core presence in the local markets of Jiaxing and Tongxiang, the Group successfully capitalised on market opportunities in key areas within Zhejiang Province, such as Yiwu, forging a market layout characterised by coordinated domestic and international operations and complementary strengths.

The Group has continued to deepen its focus on project control and technical innovation, laying a solid foundation for high-quality development. During the year, we maintained a stable production safety record and consistently achieved outstanding quality control results. We were honoured with numerous provincial and municipal awards for engineering excellence and exceeded our targets for establishing standardised construction sites at all levels. Notably, the "Tongxiang Feng Zikai Art Centre (桐鄉市豐子愷藝術中心)" and the "Relocation of Tongxiang Traditional Chinese Medicine Hospital* (桐鄉市中醫醫院遷建工程)" were selected as part of the first batch of Smart Construction Pilot Projects in Zhejiang Province* (浙江省智能建造試點項目). The Group was also selected as one of the second batch of Smart Construction Pilot Enterprises in Zhejiang Province* (浙江省第二批智能建造試點企業).

Looking ahead to 2026, the inaugural year of the Group's "15th Five-Year Plan", the macro-economy and industry landscape remain fraught with uncertainty. However, the momentum towards smart construction and green development has become irreversible. In 2026, the Group will adhere to the general principle of pursuing progress while maintaining stability, focusing comprehensively on the core elements of business, management, and capability to continuously enhance our development quality and strengthen our comprehensive strengths.

Finally, I would like to hereby extend my heartfelt gratitude to all of our Board members, our employees, shareholders and business partners for their ongoing support and trust. As we embark on a new journey in 2026, let us remain united in thought, aligned in goals, and synchronised in action. Let us be steadfast strivers and courageous trailblazers, using innovation as our brush and diligence as our ink to write a new chapter for Jujiang upon the canvas of this era.

Lyu Yaoneng

Chairman

30 March 2026

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Lyu Yaoneng (呂耀能), aged 65, has over 49 years of experience in construction engineering industry. Mr. Lyu has been the chairman of the Board and an executive Director of the Company since 17 July 1996, being the date of incorporation of the Company. He was also appointed as the president of the Company since December 2008. He was also the general manager of the Company from 17 July 1996 to 31 May 2021. He is primarily responsible for corporate strategic planning and overall business development, management of the Company and decision making. The spouse of Mr. Wang Shaolin (王少林), one of the vice presidents of the Company, is the sister of Mr. Lyu. From December 1976 to February 1987, Mr. Lyu worked at Qitang Commune Construction Agency* (騎塘公社建築社). From March 1987 to April 1991, he worked as Manager and person-in-charge for technical matters at Tongxiang County Qitang Construction Agency* (桐鄉縣騎塘鄉建築社). From May 1991 to June 1996, he worked as the vice chairman and general manager at Tongxiang County Qitang Construction Company* (桐鄉縣騎塘建築工程公司).

Mr. Lyu completed one-and-a-half-year's studies and obtained a professional certificate (專業證書) in industrial and civil construction (工業及民用建築) from Zhejiang University* (浙江大學) in China in January 1995. Mr. Lyu obtained a qualification certificate for senior economist (高級經濟師) issued by the Office of Personnel of Zhejiang Province* (浙江省人事廳) of the People's Republic of China (the "PRC") in December 2006. Mr. Lyu also obtained a qualification certificate for senior engineer in construction engineering management issued by the Department of Human Resources and Social Security of Zhejiang Province* (浙江省人力資源和社會保障廳) of the PRC in March 2013. Mr. Lyu Yaoneng is the father of Mr. Lyu Yuntao, a member of the senior management of the Company.

Mr. Lyu Yaoneng held 204,000,000 domestic Shares of the Company, representing approximately 38.25% of the total number of issued shares of the Company.

Mr. Lyu Dazhong (呂達忠), aged 63, has over 46 years of experience in construction engineering industry. Mr. Lyu has been an executive Director since 17 July 1996, being the date of incorporation of the Company. He was also appointed as the vice president of the Company since September 2009. He is primarily responsible for formulating and implementing our corporate strategies, overseeing our overall business development and implementing operation plans and participating in the day-to-day management of our business operations. From September 1979 to December 1992, Mr. Lyu worked at Tongxiang County Qitang Construction Agency* (桐鄉縣騎塘鄉建築社). From January 1993 to July 1996, he worked as the deputy general manager of Tongxiang County Qitang Construction Company* (桐鄉縣騎塘建築工程公司).

Mr. Lyu Dazhong completed two years' part-time studies in industrial and civil construction (工業及民用建築) at Zhejiang University of Technology* (浙江工業大學) in China in June 2004. Mr. Lyu Dazhong obtained a qualification certificate for engineer issued by the Personnel Bureau of Jiaxing City* (嘉興市人事局) of the PRC in November 1994. He also obtained a qualification certificate for senior economist (高級經濟師) issued by the Department of Human Resources and Social Security of Zhejiang Province* (浙江省人力資源和社會保障廳) of the PRC in January 2010.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Li Jinyan (李錦燕), aged 49, has over 31 years of experience in construction engineering industry. He has been an executive Director since 6 September 2011. He was also appointed as the vice president of the Company since September 2009. He is primarily responsible for formulating and implementing our corporate strategies, overseeing our overall business development and implementing operation plans and participating in the day-to-day management of our business operations. From August 1994 to July 1995, he joined Tongxiang City Qitang Construction Company* (桐鄉市騎塘建築工程公司) as a technician and worked as deputy chief of production technology department of the same company from July 1995 to July 1996.

Mr. Li completed five and a half years' studies in construction engineering at Tongji University* (同濟大學) in China in December 2000. Mr. Li also obtained a qualification certificate for senior engineer in construction engineering issued by the Department of Human Resources and Social Security of Zhejiang Province* (浙江省人力資源和社會保障廳) of the PRC in February 2011.

Mr. Lu Zhicheng (陸志城), aged 57, has over 38 years of experience in construction engineering industry. Mr. Lu has been an executive Director since 6 September 2011. He joined our Group as construction worker in July 1996 and was also appointed as the project manager of the Company since May 1998. He is primarily responsible for formulating and implementing our corporate strategies, overseeing our overall business development and implementing operation plans and participating in the day-to-day management of our business operations, in particular with regard to project management of the Company. From May 1987 to May 1995, he worked at Tongxiang County Qitang Construction Agency* (桐鄉縣騎塘鄉建築社), while from May 1995 to July 1996, he worked at Tongxiang City Qitang Construction Company* (桐鄉市騎塘建築工程公司).

Mr. Lu completed two years' studies in civil engineering at China University of Petroleum* (中國石油大學) in China in July 2006. He also obtained a qualification certificate for engineer issued by the Personnel Bureau of Jiaxing City* (嘉興市人事局) of the PRC in September 2009.

Mr. Shen Haiquan (沈海泉), aged 52, has over 26 years of experience in construction engineering industry. He has been an executive Director since 6 September 2011. He joined our Group as construction worker in September 1999 and was also appointed as the project manager of the Company since July 2012. He is primarily responsible for formulating and implementing our corporate strategies, overseeing our overall business development and implementing operation plans and participating in the day-to-day management of our business operations, in particular with regard to project management of the Company. From April 2003 to June 2006, Mr. Shen worked as the manager of engineering department of Zhejiang Jujiang Real Estate Group Co., Ltd.* (浙江巨匠房地產集團有限公司).

Mr. Shen completed four years' studies in industrial and civil construction (工業及民用建築) at Jiaxing College* (嘉興學院) in China in June 2004. He also completed two and a half years' studies via online distant learning in civil engineering at Wuhan University of Technology (武漢理工大學) in PRC in July 2011. Mr. Shen obtained a qualification certificate for senior engineer in construction issued by the Department of Human Resources and Social Security of Zhejiang Province* (浙江省人力資源和社會保障廳) of the PRC in March 2013.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Zheng Gang (鄭剛), aged 57, has over 34 years of experience in construction engineering industry. Mr. Zheng has been an executive Director since 6 September 2011. He joined our Group as director of technology centre in October 2008 and was also appointed as the vice president of the Company since July 2011. He is primarily responsible for formulating and implementing our corporate strategies, overseeing our overall business development and implementing operation plans and participating in the day-to-day management of our business operations. From September 1992 to December 1999, he worked as the director of testing room at Zhejiang Jiaying Construction Installation Company Ltd.* (浙江嘉興建築安裝有限公司). From January 2001 to April 2003, he worked as director of testing centre at Zhejiang Zhongyuan Construction Company Ltd.* (浙江中元建設股份有限公司). From May 2003 to October 2006, he worked as the manager at Jiaying City Zhongyuan Engineering Inspection Company Ltd.* (嘉興市中元工程檢驗有限責任公司). Mr. Zheng worked as the general manager of Jiaying City Zhongxu Engineering Inspection Company Ltd.* (嘉興市中旭工程檢驗有限責任公司) and Jiaying City Chunqiu Construction Engineering Inspection Company Ltd.* (嘉興市春秋建設工程檢測有限責任公司) from November 2006 to March 2008 and from April 2008 to September 2008, respectively.

Mr. Zheng completed two years' studies in materials science and engineering majoring in building materials at Tongji University* (同濟大學) in China in July 1988. He also completed five and a half years' studies in industrial and civil construction (工業與民用建築) at Tongji University* (同濟大學) in China in December 1999. Mr. Zheng obtained a qualification certificate for senior engineer of professor grade in construction (建築施工專業教授級高級工程師) issued by the Department of Human Resources and Social Security of Zhejiang Province* (浙江省人力資源和社會保障廳) of the PRC in April 2015.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ma Tao (馬濤) (formerly known as Ma Xin'ai (馬新愛)), aged 68, has obtained a professional master degree in history from Hebei Normal University in July 1985, a professional doctoral degree in philosophy from Fudan University in July 1996, and a professional postdoctoral degree in economics from Fudan University in November 1997. From December 1997 to March 2001, he served as a professor at the School of Economics and Management, Tongji University. Since April 2001, he has been a professor and doctoral tutor at the School of Economics, Fudan University. From September 1985 to August 1993, he served as a lecturer at Hebei Normal University.

Mr. Wang Xinglong (汪興龍), aged 38, has over 11 years of experience in international and local corporate finance, merger and acquisition, and laws in the People's Republic of China (the "PRC"). Mr. Wang is currently a practicing solicitor in the PRC and a solicitor of a local law firm. Mr. Wang obtained a master of laws degree on Chinese law from Zhejiang University in 2014.

Ms. Lam Fei Sui (林菲萃), aged 47, has more than 15 years of experience in accounting and finance, auditing and internal audit in both Hong Kong and the PRC. Currently, Ms. Lam is the general manager of Capital Finance Holdings Limited (Stock Code: 8239) ("CFHL"), a company listed on GEM of the Stock Exchange. Ms. Lam joined the group in July 2015. She previously served as the chief financial officer and company secretary of CFHL from 18 January 2018 to 29 June 2025 and from 1 January 2024 to 22 June 2025 respectively. Prior to this, Ms. Lam worked at an international accounting firm and a company listed on the Main Board of the Stock Exchange of Hong Kong Limited. She holds a bachelor's degree of arts in accountancy from The Hong Kong Polytechnic University. She is a fellow member of the Association of Chartered Certified Accountants and a member of Hong Kong Institute of Certified Public Accountants.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

BOARD OF SUPERVISORS

Mr. Lyu Xingliang (呂興良), aged 52, has joined our Company as a shareholder representative Supervisor since 20 August 2016. He has completed three years' studies in industrial and civil construction at Zhejiang Radio & Television University* (浙江廣播電視大學) in June 2001. He joined the Company as the deputy chief of the operation division in August 1996, and promoted to chief of the operation division in April 2001. He served as the manager of sales department of the Company from February 2006 to January 2014. He served as the standing deputy general manager of the sales centre of the Company from January 2014 to December 2016 and he is currently served as vice president. Previously, he served as a budget forecaster of Tongxiang County Qitang Construction Company* (桐鄉縣騎塘建築工程公司), the predecessor of the Company, from December 1991 to August 1996.

Mr. Chen Xiangjiang (陳祥江), aged 66, has joined our Company as a shareholder representative Supervisor since 19 August 2015. He was the head of factory of Zhejiang Longchang Leather Group Co., Ltd* (浙江龍昌皮革集團有限責任公司) from January 1991 to October 1998. He is a general manager of Zhejiang Xianglong Leather Co., Ltd. (浙江祥隆皮革有限公司) since October 1998. Mr. Chen completed secondary school at Nanri Secondary School* (南日中學) in PRC in 1975.

Mr. Zou Jiangtao (鄒江滔), aged 48, has joined the Company since November 2000 and is currently serving as the manager of the seventh branch offices of the Company. He was appointed as an employee representative Supervisor since 25 December 2014. Mr. Zou Jiangtao completed four years' studies in civil engineering at Zhuzhou Institute of Technology* (株州工學院) in July 2000. Mr. Zou Jiangtao also obtained a qualification certificate for senior engineer in construction engineering issued by the Department of Human Resources and Social Security of Zhejiang Province* (浙江省人力資源和社會保障廳) of the PRC in February 2011.

Mr. Zhu Jialian (朱家煉), aged 63, has joined our Company as a shareholder representative Supervisor since 24 November 2016. He has completed three years' studies in Mathematics at Zhejiang Institute of Education* (浙江教育學院) in July 1989. Mr. Zhu has been the general manager of Zhejiang Yonghe Adhesive Products Co., Ltd* (浙江永和膠粘製品股份有限公司) since August 1998 and a director at Bank of Jiaxing since May 2007. Before that, he served as a biology teacher in Tongxiang City Gaoqiao Secondary School* (桐鄉市高橋中學) from July 1983 to June 1988 and the factory director of school-run factory of Tongxiang City Gaoqiao Secondary School* (桐鄉市高橋中學校辦廠) from June 1988 to August 1998.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Lyu Yuntao (呂雲濤), aged 39, Mr. Lyu has more than 16 years of experience in real estate development and operation, and has been appointed as the general manager of the Company since 31 May 2021. From July 2008 to December 2011, Mr. Lyu served as the deputy manager of the preliminary engineering department in Tongxiang Jujiang Real Estate Development Co., Ltd. He was promoted to manager in August 2010, responsible for investment and project management. From January 2012 to December 2019, Mr. Lyu served as assistant to the general manager of Zhejiang Jujiang Real Estate Group Co., Ltd., and was promoted to deputy general manager in January 2013, where he was responsible for real estate development and operation management. Mr. Lyu Yuntao is the son of Mr. Lyu Yaoneng who is the chairman of the Board, an executive Director and a controlling shareholder (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”)) of the Company.

Mr. Lyu Dazhong (呂達忠) and Mr. Li Jinyan (李錦燕), aged 63 and 49 respectively, have been appointed as the vice president of the Company since September 2009. For biographical details of Mr. Lyu and Mr. Li please refer to the corresponding paragraph in the section headed “Biographical Details of Directors, Supervisors and Senior Management – Executive Directors” in this report.

Mr. Zheng Gang (鄭剛), aged 57, has been appointed as the vice president of the Company since July 2011. For biographical details of Mr. Zheng please refer to the corresponding paragraph in the section headed “Biographical Details of Directors, Supervisors and Senior Management – Executive Directors” in this report.

Mr. Wang Shaolin (王少林), aged 63, joined the Company in July 1996 and has been our vice president since 15 September 2009. Mr. Wang completed two years’ studies via online distant learning in civil engineering at China University of Geosciences* (中國地質大學) in China in January 2007. Mr. Wang obtained a qualification certificate for engineer issued by the Personnel Bureau of Jiaxing City* (嘉興市人事局) of the PRC in April 2004. Mr. Wang also obtained a qualification certificate for senior economist (高級經濟師) issued by the Department of Human Resources and Social Security of Zhejiang Province* (浙江省人力資源和社會保障廳) of the PRC in January 2011.

Mr. Jin Shuigen (金水根), aged 46, has been appointed as the joint company secretary of the Company since 31 August 2016, and has been redesignated as the sole company secretary of the Company since 19 July 2020. He has also been appointed as the vice president of the Company since January 2018, mainly responsible for the strategic planning and operation management of enterprise development. He completed master’s degree studies in construction and civil engineering at Tongji University* (同濟大學) in July 2016 and obtained a bachelor’s degree from East China Jiaotong University in civil engineering majoring in water supply and sewerage engineering in July 2003. He joined our Company and served as the deputy general manager of the enterprise development centre from July 2010 to June 2013. He served as the deputy general manager of Zhejiang Jujiang Real Estate Group Co., Ltd.* (浙江巨匠房地產集團有限公司) from July 2013 to January 2015. He served as the standing deputy general manager of the enterprise development centre of the Company from January 2015 to December 2018, and served as the standing general manager of the integrated management center of the Company since January 2019 and also as the assistant to president of the Company from January 2016 to December 2017, which he is mainly responsible for the strategic planning and operation management of the enterprise development. Previously, he worked as a technician in Shanghai branch of China Railway Construction Engineering Group Co., Ltd.* (中鐵建工集團有限公司上海分公司) from July 2003 to June 2005 and served as an engineer and a senior manager in Shanghai Merchant Property Co., Ltd.* (上海招商置業有限公司) from June 2005 to June 2010.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Zhong Zhihua (鍾志華), aged 48, has been our Chief Financial Officer since 2017. He is primarily responsible for the Company's financial management and business development operation. Mr. Zhong has over 21 years of experience in the construction industry. He joined the Company in September 2000 as the office manager, handling administrative matters. From February 2008, he became manager of the finance department and was responsible for the financial management work. Starting from January 2014 to December 2017, he has been the executive vice general manager of the integrated management center and served as the executive general manager of the integrated management centre and concurrently served as the joint company secretary from August 2015 to August 2016 and the president's assistant from 2015 to 2017, and has served as vice president since 2018 and general manager of the financial management center since January 2019. Mr. Zhong completed a two-year specialty course majoring in modern secretarial training at the Zhejiang Radio & Television University* (浙江廣播電視大學) in June 1999. He also completed a two and a half year's online course majoring in accountancy at the East China University of Science and Technology* (華東理工大學) in January 2011. In July 2006, he completed a two-year online course majoring in administrative management at the East China University of Science and Technology* (華東理工大學). He also obtained a qualification certificate for assistant economist (助理經濟師) issued by Jiaxing City Personnel Bureau* (嘉興市人事局) in January 2005. In September 2009, he obtained a qualification certificate for engineer issued by Jiaxing City Personnel Bureau* (嘉興市人事局).

Mr. Cao Lijun (曹立峻), aged 54, is mainly responsible for the Company's project company. Mr. Cao has over 21 years of experience in the real estate development industry. He worked as a project manager in Zhejiang Zhingfang Real Estate Co., Ltd.* (浙江中房置業股份有限公司) from June 1998 to March 2004. From April 2004 to November 2016, he was the deputy general manager of Zhejiang Zhongcheng Industrial Co., Ltd.* (浙江中成實業有限公司), from December 2016 to December 2020, he served as general manager of the market expansion center of the Company and from December 2016 to present, he served as vice president of the Company.

COMPANY SECRETARY

Mr. Jin Shuigen (金水根), aged 46, has been our joint company secretary since 31 August 2016, and has been redesignated as the sole company secretary of the Company since 19 July 2020. For biographical details of Mr. Jin, please refer to the corresponding paragraph in the section headed "Biographical Details of Directors, Supervisors and Senior Management – Senior Management" in this report.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Established in 1965, Juijiang Construction Group Co., Ltd. (“Juijiang Construction” or the “Company”, together with its subsidiaries, the “Group”) is one of the earliest construction companies in Jiaying. With almost six decades of experience in the industry and proven track record, the Company has outperformed other construction group companies in Jiaying.

The Company successfully obtained the Premium Class Certificate for General Building Construction Contracting Work (the “Premium Class Certificate”) and the Grade A Engineering Design (Construction Industry) Certificate (the “Engineering Design Certificate”) on 28 January 2015 after undergoing a stringent review process. The Premium Class Certificate is the highest qualification awarded to building construction general contractors satisfying the high standards in relation to project management experience, technological innovation and scale of operations. The Engineering Design Certificate is awarded to those that meet high standards in relation to personnel qualifications, management capabilities and internal control. As the holder of these two key certificates as well as the holder of other certificates, the Group is able to provide fully-integrated construction solutions, which consist of construction contracting and design, survey and consultancy services for building construction projects of all types and scales nationwide.

MARKET REVIEW

In 2025, China’s construction industry underwent a profound structural adjustment and reached a cyclical turning point. According to the “2025 Construction Industry Development Statistical Analysis” (2025年建築業發展統計分析) published by the China Construction Industry Association, the total output value completed by construction enterprises nationwide was RMB30,381.833 billion, representing a year-on-year decrease of 5.43%. This marked the first instance of negative growth since 2016. The total value of contracts signed amounted to RMB69,904.493 billion, representing a year-on-year decrease of 3.24%, with new contract values accounting for RMB31,532.749 billion, down 5.51% year-on-year. The floor area of housing construction stood at 11.352 billion sq.m., a year-on-year reduction of 15.03%, while the floor area of completed housing projects amounted to 2.951 billion sq.m., down 12.02% year-on-year. This broad-based contraction across several key indicators signifies the industry’s formal departure from an era of extensive growth, marking the onset of a critical transitional phase characterised by “reduced volume with enhanced quality, shifting growth drivers, and structural optimisation.”

The profound adjustment in the property market remains a key pressure point for the construction industry. According to the National Bureau of Statistics of the PRC, national investment in real estate development reached RMB8,278.8 billion in 2025, marking a 17.2% decline compared to the previous year. The decline in 2025 was more pronounced than that in 2024, further widening the contraction. In 2025, the sales area of newly built commercial properties nationwide was approximately 880 million sq.m., representing a year-on-year decrease of 8.7%, while the sales value of newly built commercial properties amounted to approximately RMB8,393.7 billion, down by 12.6%.

Despite the overall contraction, the construction industry is undergoing a profound transformation in quality. In 2025, labour productivity, calculated based on the total output value of the national construction industry, reached RMB594,000 per person, reflecting an 8.67% year-on-year increase and marking the sixth consecutive year of growth. This counter-cyclical improvement in efficiency is driven by the large-scale adoption of smart construction, prefabricated buildings, and digital technologies.

MANAGEMENT DISCUSSION AND ANALYSIS

At the policy level, the industry continues to be steered towards green, digital, and intelligent development. In December 2025, the Ministry of Housing and Urban-Rural Development issued the “Opinions on Improving Housing Quality” (《關於提升住房品質的意見》), which explicitly called for the broader adoption of smart construction, green construction, and prefabricated decoration. It also emphasised the integration of Building Information Modelling (BIM) technology throughout the entire lifecycle from design and construction to operation, alongside the promotion of intelligent construction equipment. In response, local authorities have been proactively driving the widespread application of BIM, rolling out tiered assessments for smart construction sites, and developing digital management platforms that span the entire component production process. These policies have created structural opportunities for enterprises with technical prowess and management capabilities.

In conclusion, 2025 was a year of stark contrasts for China’s construction industry, while the traditional housing market continued to shrink, emerging growth drivers such as smart construction, green transformation, overseas contracting, and urban renewal gained significant traction. Faced with the compounded challenges of upfront payments, soaring labour costs, volatile raw material prices, and delayed payment, construction firms must embrace new, quality-focused production models. Their focus must shift towards high-quality housing, urban renewal, and infrastructure projects, moving away from “scale-driven growth” and towards “structural improvement”. By refining management practices, companies can unlock fresh profit opportunities. This period of profound change also presents a pivotal moment for enterprises with genuine core competitiveness to emerge as industry leaders.

BUSINESS REVIEW

In 2025, the Group continued to operate in a way that stayed true to its mission, strengthened its foundations, and remained focused on achieving sustainable growth. Despite facing market contraction and liquidity pressures, we focused on steady progress while maintaining stability. By prioritising high-quality business opportunities, optimising our market presence, and reinforcing project management and control, we successfully streamlined our operational structure and implemented a comprehensive upgrade of our internal control systems. While these measures strengthened the Group’s position for long-term sustainable development, the industry downturn in 2025 had impacted the financial performance of the Group. The value of backlog decreased by approximately 3.2% to approximately RMB16,151 million as at 31 December 2025 from that of approximately RMB16,684.0 million as at 31 December 2024. For the year ended 31 December 2025, the Group recorded revenue of approximately RMB4,336.9 million, representing a decrease of approximately 36% as compared to the corresponding period last year. The Group recorded a net loss of approximately RMB46.2 million for the year, compared to a net profit of approximately RMB13.7 million in 2024. The decline in revenue is primarily due to the overall downturn in the property market, resulting in a loss for the Group during the year.

The following table sets out the movements in the backlog of construction projects during the year:

	As at the year ended 31 December	
	2025 RMB million	2024 RMB million
Opening value of backlog	16,684.0	18,890.6
Net value of new projects ⁽¹⁾	3,714.6	4,490.8
Revenue recognised ⁽²⁾	(4,247.2)	(6,697.4)
Closing value of backlog ⁽³⁾	16,151.4	16,684.0

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

- (1) The net value of new contracts represents the net total contract value of contracts for new construction works acquired in the year indicated.
- (2) Revenue recognised represents the revenue recognised in the year indicated.
- (3) The closing value of backlog represents the total contract value of the remaining works prior to full completion of the construction project at the end of the year indicated.

Ongoing optimisation of business structure and strategic market positioning

In 2025, despite the challenging conditions across the industry, the Group leveraged its technical expertise and strong brand reputation to strengthen market analysis. By actively refining its business structure and optimising its market positioning, the Group has secured new projects with a net value of approximately RMB3,714.6 million.

In 2025, in response to shifting market demands, the Group proactively adjusted its business structure, strategically prioritising industrial and public construction projects. During the year under review, industrial projects accounted for approximately 72% of our portfolio, while public construction projects represented approximately 20%, together forming the core of our operations. In contrast, commercial real estate projects further contracted to 8%. Notably, the contract value of newly signed industrial projects surged by approximately 34% year-on-year, highlighting the Group's strengthening competitiveness in manufacturing upgrades and industrial park construction.

In terms of market strategy, the Group reinforced its presence in the core markets of Tongxiang and Jiaxing, where they consistently contributed 48% of our total business. At the same time, we actively expanded into other key markets within Zhejiang Province, with Yiwu emerging as a notable growth driver, accounting for approximately 21% of our business volume. Markets outside the province made up 9%, while overseas markets, including Indonesia, progressed steadily. This approach has enabled the Group to build a robust business model characterised by "internal-external synergy and diversified development."

The Group continued to prioritise high-quality clients and public tendering projects. Throughout the year, business secured through public tenders amounted to nearly RMB2 billion, representing 57% of the total. The share of large-scale projects also saw a notable increase, with projects where the contract value exceeded RMB200 million accounting for 56%, demonstrating the Group's competitive edge in securing major contracts.

During the year under review, Yiwu Construction Investment Jujiang Construction Co., Ltd.* (義烏建投巨匠建設有限公司) (hereafter referred to as "Yiwu Company"), a subsidiary of the Group, successfully secured several high-profile projects. These include the Yiwu Jin-Yi Free Trade Zone Smart Connected Vehicle Innovation Industrial Park and Supporting Infrastructure Project* (義烏市金義自貿區智慧網聯汽車創新產業園及配套基礎設施項目), with a contract value exceeding RMB418 million; the China-Europe Railway Express (Yiwu) Railway Port Phase III and Infrastructure Construction Project* (中歐班列(義烏)鐵路口岸三期及基礎設施建設項目), valued at over RMB373 million; the Wangzhai Collective Resettlement Project in Fotang Town, Yiwu* (義烏市佛堂鎮王宅集聚安置項目), and the Organic Renewal Phase II, Plot 1 Real Estate Development Project in the Liuqing Old Industrial Area of Beiyuan Subdistrict, Yiwu* (義烏市北苑街道柳青老工業區二期有機更新地塊一房地產開發項目). The Group also secured additional projects such as the Fenghuang Lake Tech City Innovation Building Project in Tongxiang* (桐鄉市鳳凰湖科技城創新大廈工程); the Building Project of the Zhouquan Service Area, Sutai Expressway (Nanxun-Tongxiang Section and Tongxiang-Deqing Link Phase II)* (蘇台高速公路南潯至桐鄉段及桐鄉至德清聯絡線(二期)洲泉服務區房建工程); the CNC Intelligent Equipment Manufacturing Industrial Park (Phase I) in Louxing Industrial Development Zone, Loudi, Hunan Province* (湖南省婁底市婁星產業開發區數控智能裝備製造產業園(一期)項目); the Expansion and Upgrade Project of Fengming Senior High School in Tongxiang* (桐鄉市鳳鳴高級中學擴容提升工程); and the Public Health and Clinical Medicine Training Centre Project at Xiangnan University in Chenzhou, Hunan Province* (湖南郴州湘南學院公共衛生與臨床醫學實訓中心項目).

MANAGEMENT DISCUSSION AND ANALYSIS

Ongoing enhancement in project management and control with steady improvement in safety and quality

The Group has continued to strengthen its comprehensive project management and control processes, reinforcing its commitment to a lifetime quality accountability system and a robust safety responsibility framework. At the same time, the Group has further advanced its initiatives for standardised construction practices and a focus on excellence. During the year under review, the Group received numerous accolades, including two “Chutian Cup” (楚天杯) awards in Hubei Province, one “Installation Cup” (安裝杯) award in Zhejiang Province, five “Nanhu Cup” (南湖杯) awards in Jiaying City, and five “Fengming Cup” (鳳鳴杯) awards in Tongxiang City. These recognitions serve as a testament to the Group’s significant quality enhancement.

In respect of safety management, the Group has made significant strides in strengthening the management of major and high-risk works, with a focus on identifying and addressing potential hazards. During the year under review, the Group actively rolled out the “Spotlight on Quality Month Campaign” (品質月) and undertook various quality enhancement initiatives, fostering the development of a new, quality-focused productive model. Over the course of the year, the Group was granted one national-level, four provincial-level and ten prefecture- and municipal-level standardised construction site recognitions, exceeding its annual targets. In terms of progress management, the Group managed over 60 large-scale building projects under construction, completing 25 of them, and maintaining a high contract schedule fulfilment rate. On the technical services front, a total of 240 special construction plans for major and high-risk works were reviewed and approved during the year, and 30 expert panel reviews were organised. Notably, the review coverage rate for these plans reached 100%, ensuring strong technical support for project safety.

During the year under review, the Group’s national engineering construction enterprise credit rating was elevated to the prestigious “7 stars”. The Group also earned a series of distinguished accolades, including being named a “Zhejiang Province AAA Enterprise for Honouring Contracts and Valuing Credit” (「浙江省AAA級守合同重信用企業」), an “Advanced Construction Enterprise of Zhejiang Province” (浙江省先進建築業企業), and an “Outstanding Contributing Construction Enterprise of Tongxiang City” (桐鄉市建築業突出貢獻企業), among others. These honours serve to further enhance the Group’s corporate brand and reputation. According to the results on the Development of Trustworthy Quality Teams in Engineering Construction 2025 (工程建設品質信得過班組建設成果) announced by the China Construction Industry Association (中國建築業協會), the Group’s project team for the Feng Zikai Art Centre (Phase I) (豐子愷藝術中心(一期)) received a Third-Class Achievement Award for the Development of Trustworthy Quality Teams (品質信得過班組建設三類成果) by the Association.

Deepening technological innovation with digital-intelligent construction driving efficiency gains

The Group has adhered to “BIM + Smart Construction Site” as its core technological pathway and continued to advance intelligent construction and digital transformation. In 2025, we filed 10 national patent applications and were granted 5 national patents, and published 5 technical papers. During the year, the Group submitted 6 research and development projects (including industry-academia-research initiatives, projects of the Provincial Department of Construction, municipal science and technology projects and association collaborations) for approval; completed inspection on acceptance for 1 scientific research project of the Provincial Department of Construction; led or participated in the compilation of 4 group standards (which have been promulgated and implemented); obtained 1 provincial-level construction method, 2 national-level QC results, 3 provincial-level QC results and 3 prefecture- and municipal-level QC results. The establishment of the Group’s postdoctoral research workstation also progressed steadily, with 3 postdoctoral researchers completing their tenure during the year.

The application of BIM technology continued to advance, with 17 new BIM service contract projects secured and 39 projects under implementation during the year. The Group completed the preparation of the BIM Technology Application Standard for Prefabricated Plant Rooms (預製機房BIM技術應用標準) and the BIM Quality Enhancement Guidance Manual (BIM創優指導

MANAGEMENT DISCUSSION AND ANALYSIS

手冊) to facilitate the in-depth application of BIM technology in cost control, quality excellence award submissions, and final account settlement and variation certification processes. The development of smart construction sites progressed steadily, with 12 new Category I projects secured during the year, of which 10 had commenced work, achieving a 100% coverage rate of smart construction sites. The Tongxiang Feng Zikai Art Centre* (桐鄉市豐子愷藝術中心) and the Tongxiang Traditional Chinese Medicine Hospital Relocation Project* (桐鄉市中醫醫院遷建工程) were selected as part of the first batch of Smart Construction Pilot Projects in Zhejiang Province* (浙江省智能建造試點項目), and the Group was also selected as one of the second batch of Smart Construction Pilot Enterprises in Zhejiang Province* (浙江省第二批智能建造試點企業).

While the aforesaid operational and technological advancements strengthened the Group's project delivery capabilities and competitive positioning, the contraction in market demand had impacted the Group's financial performance during the year. For the year ended 31 December 2025, the construction contracting business contributed approximately 97.9% of the revenue (year ended 31 December 2024: approximately 98.8%). The following table sets forth a breakdown of our revenue by business and project type for the years indicated:

	Year ended 31 December			
	2025		2024	
	RMB'million	%	RMB'million	%
Construction contracting business				
Residential	1,238.5	28.6	2,709.8	40.0
Commercial	879.3	20.2	819.5	12.1
Industrial	1,444.5	33.3	2,053.6	30.3
Public works	684.9	15.8	1,114.5	16.4
	4,247.2	97.9	6,697.4	98.8
Other business	89.7	2.1	83.3	1.2
Total revenue	4,336.9	100.0	6,780.7	100.0

FINANCIAL REVIEW

Revenue and gross profit margin

Revenue decreased by approximately 36.0% from approximately RMB6,780.7 million for the year ended 31 December 2024 to approximately RMB4,336.9 million for the year ended 31 December 2025, primarily because the revenue from construction contracting business decreased by 36.6% from approximately RMB6,697.4 million for the year ended 31 December 2024 to approximately RMB4,247.2 million for the year ended 31 December 2025. Such decrease in revenue from construction contracting business was primarily due to the general downturn in the property market and a reduction in the net values of new projects undertaken by the Group during the year ended 31 December 2025. The Group now prioritizes quality projects over rapid growth to reduce business risks. We will focus on sustainable ventures with reputable clients, enforce thorough due diligence, optimize contract terms, and invest in team expertise, lasting partnerships and steady profitability.

Gross profit decreased by approximately 31.6% from approximately RMB277.5 million for the year ended 31 December 2024 to approximately RMB189.9 million for the year ended 31 December 2025, which was in line with the decrease in revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

The gross profit margin increased from approximately 4.09% for the year ended 31 December 2024 to 4.38% for the year ended 31 December 2025 due to the increase in profit contributed by other businesses during the year ended 31 December 2025 which have a higher profit margin. The gross profit margin of the construction contracting business slightly decreased from approximately 3.53% for the year ended 31 December 2024 to approximately 3.44% for the year ended 31 December 2025.

Other income and gains

Other income and gains increased by approximately 31.2% from approximately RMB22.1 million for the year ended 31 December 2024 to approximately RMB29.0 million for the year ended 31 December 2025. Such increase was primarily attributable to an increase in gain of financial assets at fair value through profit or loss related to bills receivable, which increased by approximately 1.2 times from approximately RMB7.2 million for the year ended 31 December 2024 to approximately RMB15.6 million for the year ended 31 December 2025. The increase resulted from enhanced controls over bill settlements with customers, including only accepting bank-issued bill receivables from institutions with higher credit ratings and significantly reducing the volume of bills that did not meet derecognition criteria. Such increase was partially offset by a decrease in government grants, which declined from approximately RMB4.4 million for the year ended 31 December 2024 to approximately RMB2.4 million for the year ended 31 December 2025.

Administrative expenses

The administrative expenses decreased by approximately 5.0% from approximately RMB154.2 million for the year ended 31 December 2024 to approximately RMB146.5 million for the year ended 31 December 2025, which was primarily due to the Group's strict and effective control over costs, including staff, office, travel, and meeting expenses, in response to the market downturn.

Impairment losses on financial and contract assets, net

Impairment losses on financial and contract assets, net, including trade receivables, other receivables and contract assets, decreased by approximately 39.6% from approximately RMB100.4 million for the year ended 31 December 2024 to approximately RMB60.6 million for the year ended 31 December 2025, primarily due to the Group's emphasis on the credit control on new projects and new customers to reduce credit risk in recent years. Consequently, the Group believes it has made sufficient impairment losses on financial and contract assets as of 31 December 2025.

The Group will closely monitor the financial position of its customers and actively recover the receivables, and take legal action if necessary.

Finance costs

Finance costs were stable at approximately RMB31.0 million and approximately RMB29.3 million for the year ended 31 December 2024 and 2025, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expense

Income tax changed from a credit of approximately RMB4.0 million for the year ended 31 December 2024 to an expense of approximately RMB17.5 million for the year ended 31 December 2025. Such change was primarily attributable to an increase in deferred tax expense arising from the reverse and non-recognition of certain deferred tax assets due to insufficient future taxable profits. As a result, the effective tax rate changed from approximately 41.0% for the year ended 31 December 2024 to approximately 61.2% for the year ended 31 December 2025.

Profit for the year

As a result of the foregoing, the Group recorded a net loss of approximately RMB46.2 million for the year ended 31 December 2025 as compared to a net profit of approximately RMB13.7 million for the year ended 31 December 2024. Net profit margin changed from approximately 0.2% for the year ended 31 December 2024 to approximately -1.1% for the year ended 31 December 2025.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The working capital for the Group's operations primarily comes from cash generated from operating activities and interest bearing bank and other borrowings. As at 31 December 2025, the Group had cash and cash equivalents of approximately RMB283.8 million (2024: approximately RMB184.0 million).

Treasury policies

The Group monitors the cash flows and cash balance on a regular basis and seeks to maintain an optimal level of liquidity that can meet the working capital needs while supporting a healthy level of business and its various growth strategies. In the future, the Group intends to finance its operations through cash generated from operating activities and interest-bearing bank and other borrowings. Other than normal bank borrowings that the Group obtains from commercial banks and potential debt financing plans, the Group does not expect to have any material external debt financing plan in the near future.

Contract assets

The contract assets decreased by approximately 12.7% from approximately RMB2,883.5 million as at 31 December 2024 to approximately RMB2,517.9 million as at 31 December 2025, representing 49.4% and 49.0% of the total current assets as at the end of the corresponding years, respectively. The decrease in contract assets was in line with the decrease in revenue for the year ended 31 December 2025.

Trade and bills receivables

Trade and bills receivables decreased by approximately 18.7% from approximately RMB2,162.6 million as at 31 December 2024 to approximately RMB1,758.1 million as at 31 December 2025. Such decrease was due to the decrease in revenue for the year ended 31 December 2025. However, the trade and bills receivables turnover days increased from approximately 118 days as at 31 December 2024 to approximately 165 days as at 31 December 2025, primarily attributing to the downturn in the property markets, the customers delayed their settlements. The Company has assessed the recoverabilities of the trade receivables and made sufficient provision for the impairment losses.

MANAGEMENT DISCUSSION AND ANALYSIS

Trade and bills payables

Trade and bills payables decreased by approximately 22.7% from approximately RMB3,274.3 million as at 31 December 2024 to approximately RMB2,531.0 million as at 31 December 2025. Such decrease was primarily because of a decrease in revenue for the year ended 31 December 2025 as compared with the corresponding period in 2024. The trade and bills payables turnover days increased from approximately 198 days as at 31 December 2024 to approximately 256 days as at 31 December 2025, primarily attributable to the negotiation of better payment terms with our suppliers.

Borrowings and charge on assets

As at 31 December 2025, the Group relied on short-term and long-term interest-bearing borrowings in the aggregated amount of approximately RMB547.5 million (2024: approximately RMB575.2 million). As at 31 December 2025, the short-term interest-bearing borrowings amounting to approximately RMB456.7 million (2024: approximately RMB458.5 million) are repayable within 1 year and carried effective interest rate with a range from 3.1% to 5.3% per annum (2024: 3.10% to 6.20% per annum). As at 31 December 2025, the long-term interest-bearing borrowings amounting to approximately RMB90.7 million (2024: approximately RMB116.6 million) are repayable from 2027 to 2032 and the fixed interest rate is from 4.41% to 4.90%.

As at 31 December 2025, certain general banking facilities were secured by the buildings held by the Group with a carrying amount of approximately RMB128.5 million (2024: approximately RMB133.5 million).

Save as disclosed in this report, as at 31 December 2025, the Group did not pledge any of its assets and no charge was created on the Group's assets. (2024: nil).

Gearing ratio

The gearing ratio decreased from approximately 16.0% as at 31 December 2024 to approximately 8.7% as at 31 December 2025, primarily attributable to an increase in cash and cash equivalent balance of approximately RMB99.8 million as at 31 December 2025 as compared with 31 December 2024.

Gearing ratio represents net debt divided by total equity as at the end of a year. Net debt is defined as all borrowings deducted by cash and bank balances and pledged deposits.

Capital expenditure

For the year ended 31 December 2025, the capital expenditures were approximately RMB6.2 million (2024: approximately RMB4.6 million). The capital expenditure incurred for the year ended 31 December 2025 was primarily related to the expenditure in construction in progress.

Capital commitments

As at 31 December 2025, the Group did not have any significant capital commitments (2024: nil).

Contingent liabilities

As at 31 December 2025, the Group had no material contingent liabilities (2024: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Fluctuation of RMB exchange rate and foreign exchange risks

The majority of the Group's business and most of the cash and bank borrowings are denominated and accounted for in RMB. Therefore, the Group does not have significant exposure to foreign exchange fluctuation. The Board does not expect the fluctuation of RMB exchange rate and other foreign exchange fluctuations will have material impact on the business operations or financial results of the Group. The Group currently has no hedging policy with respect to the foreign exchange risks, therefore, the Group has not entered into any hedging transactions to manage the potential fluctuation in foreign currencies.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no significant investments held or material acquisitions and disposals during the year ended 31 December 2025.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this report, the Group has no other future plans related to the material investments and capital assets.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2025, the Group had a total of 832 employees (2024: 944 employees), of which 450 were based in Jiaxing City, and 382 were based in other areas of Zhejiang Province and in other provinces and regions of China. For the year ended 31 December 2025, the Group incurred total staff costs of approximately RMB86.3 million, representing a decrease of approximately 2.3% as compared with corresponding period in 2024 (RMB88.3 million).

The Group believes that the long-term growth depends on the expertise, experience and development of the employees. The salaries and benefits of the employees depend primarily on their type of work, position, length of service with us and local market conditions. In order to improve the employees' skills and technical expertise, the Group provides regular training to the employees.

The Group has participated in the social pension plans and the defined social security contribution scheme for its employees pursuant to the relevant laws and regulations of the PRC. Under the social pensions plans and the social security contribution schemes, no forfeited contributions will be used by the employers to reduce the existing level of contributions.

FUTURE PROSPECTS

2026 marks a year of profound reshaping for the industry, presenting both opportunities and challenges. From cyclical adjustments characterised by "reduced volume with improved quality", to the full swing advancement of intelligent construction; from the launch of trillion RMB-worth urban renewal market to the implementation of the "Good Housing" standards; from the policy window for equipment renewal to the further advancement of the Belt and Road Initiative – the construction industry is transitioning from incremental expansion to connotative growth focused on enhancing the quality of existing assets.

2026 also marks the inaugural year of the Group's "15th Five-Year Plan". In the face of external complexities and uncertainties, the Group will adhere to the overarching principle of pursuing progress while maintaining stability. Focusing on three core elements – business, management and capabilities – the Group will adhere firmly to a "win-win mindset" to overcome challenges, an "innovative mindset" to navigate change, and a "value-oriented mindset" to open up new horizons, thereby continuously promoting high-quality and sustainable development.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group will further optimise its market layout, consolidate its core markets such as Tongxiang and Yiwu, and expand into potential markets within and beyond its home province. It will steadily implement its “going global” strategy and, on the basis of prudent operations, develop overseas markets such as Indonesia, thereby establishing a business structure characterised by coordinated domestic and international operations, diversified development, and balanced emphasis on both existing and incremental markets.

The Group will continue to refine its business structure by focusing on quality customers and government-invested projects to enhance its market competitiveness. It will endeavour to advance its whole-process project management and control, comprehensively strengthen the application of the “BIM + Smart Construction Site” technological system, and promote the full implementation of intelligent construction and digital management to achieve improvements in both quality and efficiency. Risk prevention and control and centralised fund management will be reinforced to ensure stable operations and effective risk containment.

DIRECTORS' REPORT

The Directors hereby present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The principal activities of the Company are construction contracting business and other business, namely our design, survey and consultancy business. The principal activities of its subsidiaries are set out in note 1 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

An analysis of the Group's performance for the year by segments is set out in note 4 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2025 and the financial information of the Group as at 31 December 2025 are set out in the audited financial statements of this report.

BUSINESS AND FINANCIAL REVIEW

The business and financial review of the Group for the year ended 31 December 2025 and a discussion on the Group's future development are set out in the section headed "Management Discussion and Analysis" on pages 12 to 21 of this report.

KEY RISKS AND UNCERTAINTIES

Business and market

Demand for services and products of the Group is cyclical in nature and directly correlates with the level of real estate development and construction activities in China, especially in regions and provinces in which the Group operates, including Jiaying, Zhejiang Province, where a majority of the construction projects awarded to the Group were located during the year. The real estate industry and the construction industry are sensitive to economic fluctuations and market uncertainty, and are closely controlled and monitored by the PRC Government through policymaking. The PRC financial market has experienced significant fluctuations in recent months. We cannot assure that such fluctuations will not negatively affect the overall economic condition in China or the real estate or construction industry in China. Revenue from the real estate industry and the construction industry may be adversely affected if the growth of the PRC economy slows down or enters into recession, or if fixed capital investment is reduced, including any reduction in infrastructure investment by the PRC Government. The ongoing projects, in which the Group has invested significant resources and capital, may be put on hold or stopped if economic conditions deteriorate, and the Group may be unable to collect payments and recover its costs.

In addition, the Group is susceptible to the adverse changes in national or local policies related to the PRC real estate industry and construction industry, including those that control the supply of land for property development, project financing, foreign investment and taxation. In recent years, the PRC Government implemented various regulations and policies aimed to cool down the real estate market and the inflation of property prices. Various property price control policies have been implemented in recent years, including but not limited to limitations on the individuals to purchase property outside the province of registered residence, restrictions on real estate loans and higher interest rates for second-hand property transactions. More recently, the PRC Government lowered interest rates to stimulate the slowing real estate industry and associated industries, including the construction industry. These policies may affect the level of activity in the PRC real estate industry, and in turn affect the number of construction projects available to the Group. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Financial

The major financial risks faced by the Group are credit risk and liquidity risk. Management of the Group meets regularly to analyse and formulate measures to manage the Group's exposure to these risks. The financial risk management objectives and policies are set out in the note 34 to the consolidated financial statement.

Management of the Group will identify and assess key operational exposures regularly so that appropriate risk response can be taken.

Tax relief and exemption

The Directors are not aware of any tax relief and exemption available to the shareholders by reason of their holding the Company's securities.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year ended 31 December 2025 as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

ENVIRONMENTAL PROTECTION

The Group upholds the concept of sustainable development, focuses attention on the design of research and development, operation environment, social and governance risks, strive to achieve sustainable growth.

The Company considers the staff, shareholders and potential investors, government authorities, and suppliers as the key stakeholders, and values highly the expectations and opinions of the stakeholders on us with respect to environment, society and governance. The Company has commenced multi-dimensional risk analysis, identified issues on the environment, society and importance of governance which are the concerns in our own development and of the relevant stakeholders, and an environmental, social and governance report has been published.

For further relevant information regarding our performance on environment, society and governance during the current financial year, please refer to the section headed "Environmental, Social and Governance" on pages 52 to 66 in this report for details.

The Company has formulated the compliance procedures to ensure compliance with, in particular, the applicable laws, rules and regulations having material effect on us. The relevant employees and the relevant operating entities will be informed of any changes in the applicable laws, rules and regulations from time to time.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Directors and management team, comprising experienced professionals that possess extensive technical and industry experience, have a proven record of successfully operating and expanding the business. Therefore, the Group ensures the remuneration package of Directors and management are reasonable and competitive in the market and also continue to improve and regularly review and update its policies on remuneration and benefits. The Directors also believe that our long-term growth depends on the expertise, experience and development of our employees. The salaries and benefits of our employees depend primarily on their type of work, position, length of service with us and local market conditions.

DIRECTORS' REPORT

Through the efforts of sales and marketing team, the Group has established solid relationships with many of our long-term customers for periods ranging from three to ten years. During the year, most of our major customers were located in Jiaxing. We continue to maintain such relationships by conducting periodic visits to understand the construction needs of our customers and learn about their new projects.

The Group is in good relationship with its suppliers. The procurement department maintains a list of qualified suppliers, from which project management department procures on an as-needed basis. The qualified suppliers are selected based on various criteria, including price, quality, record of timely delivery, location, supply capacity, credit terms, environment protection assessment and customer service. The procurement department is responsible for reviewing and updating the list of qualified suppliers annually. The Group has established long-term relationships with many suppliers for a period ranging from three to ten years.

SHARE CAPITAL

The share capital structure of the Company as at 31 December 2025 is as follows:

Class of shares	Number of shares	Approximate percentage of the total issued share capital
Domestic shares	400,000,000	75.0%
H shares	133,360,000	25.0%
Total	533,360,000	100.0%

FINAL DIVIDEND

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

The Company is not aware of any arrangement under which a shareholder has waived or agreed to waive any dividends.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy") to allow shareholders of the Company (the "Shareholders") to participate in the Company's profits whilst retaining adequate reserves for the Group's future growth.

Determination mechanism on dividend

Subject to the approval of the shareholders and requirement of the relevant laws, the Company shall pay annual dividends to the shareholders if i) the Group is profitable, ii) the operations environment is stable, and iii) there is no significant investment or commitment made by the Group. The Company has no fixed dividend policy specifying a dividend payout ratio. The declaration, payment and amount of dividends will be subject to the discretion of the Board, taking into consideration the criteria described below. The remaining net profits will be used for Group's development and operations. This dividend policy allows the Company to declare special dividends from time to time in addition to the annual dividends. The Company's ability to pay dividends will depend upon, among other things, the Group's current and future operations, financial position, development pipeline, prevailing economic environment, contractual restrictions, capital and other reserve requirements, dividends received from the Company's subsidiaries and associates, as well as any other conditions or factors which the Board deems relevant and having regard to the directors' fiduciary duties.

Approval and payment procedures

Details of the procedures have been set out in Articles 227 of the Company's Articles of Association posted on the website of the Company.

Review and monitor of dividend policy

The form, frequency and amount of dividend payment by the Company are subject to restrictions under the PRC laws and the Company's Articles of Association. The Board reserves the right in its sole and absolute discretion to update, amend, modify the dividend policy at any time, and the existing dividend policy shall in no way constitute a legally binding commitment by the Company in respect of its future dividend and/or in no way obligate the Company to declare a dividend at any time or from time to time.

PUBLIC FLOAT

Based on the available public information of the Company, so far as the Directors are aware of, the Company has met the requirements of public float under the Rule 8.08 of the Listing Rules, during the year ended 31 December 2025 and thereafter up to the date of this report.

PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December 2025, the Group acquired additional property, plant and equipment of approximately RMB6.2 million. Details of the movements are set out in note 12 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

According to the laws of the PRC and the Articles of Association of the Company, there are no provisions on the pre-emptive rights to offer new Shares by the Company to its existing Shareholders on a pro rata basis.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the year ended 31 December 2025 and up to the date of this report, there was no purchase, sale or redemption by the Company or any of its subsidiaries of any listed securities or treasury shares (as defined under the Listing Rules) of the Company. As at 31 December 2025, the Company did not hold any treasury shares (2024: nil).

DIRECTORS' REPORT

SHARE SCHEME

No share scheme (including any share option scheme) subject to the provisions of Chapter 17 of the Listing Rules was operated by the Company during the year ended 31 December 2025.

DISTRIBUTABLE RESERVES

As at 31 December 2025, reserves available for distribution to shareholders by the Company, calculated in accordance with PRC rules and regulation, amounted to RMB720.5 million (2024: RMB768.5 million).

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate amount of revenue from the Group's largest and five largest customers for the year ended 31 December 2025 represented approximately 18.76% (2024: 14.87%) and 37.27% (2024: 29.09%), respectively, of the Group's total revenue from sales operations.

The aggregate amount of purchases from the Group's largest and five largest suppliers for the year ended 31 December 2025 represented approximately 3.31% (2024: 2.49%) and 10.26% (2024: 7.72%), respectively, of the Group's total cost.

To the best of the Directors' knowledge, none of the Directors or their respective close associates, and none of the existing shareholders who owned more than 5% of the Company's issued share capital, had any interest in any of the five largest customers and suppliers.

DIRECTORS

The Directors during the year and up to the date of this report were as follows:

Executive Directors

Mr. Lyu Yaoneng (*Chairman*)

Mr. Lyu Dazhong

Mr. Li Jinyan

Mr. Lu Zhicheng

Mr. Shen Haiquan

Mr. Zheng Gang

Independent non-executive Directors

Mr. Ma Tao

Mr. Wang Xinglong

Ms. Lam Fei Sui

BOARD OF SUPERVISORS

Mr. Lyu Xingliang
 Mr. Chen Xiangjiang
 Mr. Zou Jiangtao
 Mr. Zhu Jialian

The biographical details of the Directors are disclosed in the section headed "Biographical Details of Directors, Supervisors and Senior Management" on pages 6 to 11 in this report.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND THE CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2025, the interests or short positions of the Directors, Supervisors and the chief executive in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers as set out in Appendix C3 to the Listing Rules (the "Model Code") to be notified to the Company and the Stock Exchange are as follows:

The Company

Director/supervisor	Nature of interest	Number of shares of the relevant corporation (including associated corporation) held ⁽¹⁾	Approximate percentage of shareholdings in the total share capital of the Company	Approximate percentage of shareholdings in the relevant class of shares of the Company
Mr. Lyu Yaoneng ⁽²⁾	Interest of controlled corporation	204,000,000 Domestic Shares (L)	38.25%	51%

Notes:

- (1) The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the Domestic Shares.
- (2) Zhejiang Jujiang Holdings Group Co., Ltd (浙江巨匠控股集團有限公司) ("Jujiang Holdings") is held as to approximately 51.33% by Mr. Lyu Yaoneng. Mr. Lyu Yaoneng, an executive Director, controls more than one-third of the voting rights of Jujiang Holdings and are deemed to be interested in its interest in the Company by virtue of the SFO.

DIRECTORS' REPORT

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2025, so far as the Directors, Supervisors and the chief executive of the Company are aware of, as indicated on the register of interests and/or short positions required to be maintained pursuant to Section 336 of Part XV of the SFO, the substantial Shareholders and other persons (other than Directors, Supervisors and the chief executive of the Company) had the following interests and/or short positions in the Shares or underlying Shares of the Company:

Shareholders	Nature of interest	Number of shares held ⁽¹⁾	Approximate percentage of shareholdings in the relevant class of shares ⁽²⁾	Approximate percentage of shareholdings in total share capital of the Company shares ⁽³⁾
Jujiang Holdings ⁽⁴⁾	Beneficial Owner	204,000,000 Domestic Shares (L)	51%	38.25%
Ms. Shen Hongfen ⁽⁵⁾	Interest of spouse	204,000,000 Domestic Shares (L)	51%	38.25%
Jujiang Equity Investment ⁽⁶⁾	Beneficial Owner	196,000,000 Domestic Shares (L)	49%	36.75%
Chan Ka Wo	Beneficial Owner	9,480,000 H Share (L)	7.1%	1.78%

Notes:

- (1) The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the Domestic Shares.
- (2) The calculation is based on the percentage of shareholding in the Domestic Shares/H Shares.
- (3) The calculation is based on the total number of 533,360,000 Shares in issue.
- (4) Jujiang Holdings is directly interested in approximately 38.25% in the Company.
- (5) Ms. Shen Hongfen (沈洪芬), the spouse of Mr. Lyu Yaoneng, is deemed to be interested in Mr. Lyu Yaoneng's interest in the Company by virtue of the SFO.
- (6) Jujiang Equity Investment is directly interested in approximately 36.75% in the Company.

Save as disclosed above, as at 31 December 2025, so far as the Directors, Supervisors and the chief executive of the Company are aware of, no other persons have interests and/or short positions in the Shares or underlying Shares which were required, pursuant to Section 336 of Part XV of the SFO, to be recorded in the register kept under such provisions.

PERMITTED INDEMNITY PROVISIONS

The Company has arranged for appropriate liability insurance to indemnify the Directors and senior officers for their liabilities arising out of corporate activities. For the year ended 31 December 2025, no claim has been made against the Directors, supervisors and senior officers.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S RIGHTS IN THE SUBSCRIPTION OF SHARES AND DEBENTURES

During the year ended 31 December 2025, no right to subscribe the Shares in or debentures of the Company or any of its associated corporations was granted by the Company to any Director, Supervisor or chief executive of the Company or their respective spouses or children aged under 18, and no such rights to subscribe the above Shares or debentures were exercised by them.

SERVICE CONTRACTS WITH DIRECTORS AND SUPERVISORS

The Company has entered into service contracts with all Directors and Supervisors, with the maximum term of three years. No service contract that cannot be terminated by the Group within one year without paying any compensation (other than the statutory compensation) was entered or is to be entered into between Directors or Supervisors on one hand and members of the Group on the other.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this report, no transactions, arrangement or contracts of significance in relation to the Group's business to which the Company, any of its subsidiaries, or its parent company was a party and in which a director or a supervisor of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Company, or existed during the year ended 31 December 2025.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in the related party transactions disclosed in note 31 to the consolidated financial statements and in this report, neither the Company nor any of its subsidiaries had entered into any contract of significance with the Company's controlling shareholders or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the Controlling Shareholders (as defined in below section) or their subsidiaries, during the year.

TRANSACTIONS WITH CONNECTED PERSON

Jujiang Holdings mainly engages in the business of, amongst other things, property development and investment holding and it is also the shareholder of various subsidiaries (including the Company). As at 31 December 2025, Jujiang Holdings was owned as to approximately 51.33% by Mr. Lyu Yaoneng and approximately 48.67% by nine other individual shareholders.

The Company is owned as to 38.25% by Jujiang Holdings, as such it is one of our controlling shareholders (as defined under the Listing Rules) and a connected person of the Company. Accordingly, the following transactions as set out in the section headed "Continuing Connected Transactions" below between Jujiang Holdings and the Group will constitute continuing connected transactions for the Group under Chapter 14A of the Listing Rules.

DIRECTORS' REPORT

CONTINUING CONNECTED TRANSACTIONS

Save as disclosed hereinbelow, the related party transactions as disclosed in note 31 to the consolidated financial statements do not constitute connected transactions or continuing connected transactions as defined under Chapter 14A of the Listing Rules, or, if they so constituted connected transactions or continuing connected transactions, are exempted from the reporting, annual review, report and independent shareholders' approval requirements pursuant to the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules in respect of such connected transactions and/or continuing connected transactions.

Construction contracting service master agreement

The Group, as service provider, entered into a construction contracting service master agreement on 30 December 2024 ("Master Agreement") with Jujiang Holdings Group, one of the controlling shareholders and a connected person (as defined under the Listing Rules) of the Company, for a term up to 31 December 2025, pursuant to which Jujiang Holdings agreed to engage construction contracting services such as building construction, foundation work, curtain wall construction, building decoration and fire equipment installation from our Group. The annual cap for the transactions contemplated for the year ended 31 December 2025 was RMB8.1 million. During the year ended 31 December 2025, a total of RMB4.6 million service fees was received from Jujiang Holdings Group under the Master Agreement (2024: RMB4.6 million).

The construction contracting service fees payable by Jujiang Holdings Group to our Group under the Master Agreement were determined after arm's length negotiation between Jujiang Holdings Group and our Group. In order to ensure that the service fees we received for our provision of construction contracting services were fair and reasonable and in line with market practices, we have kept ourselves abreast of the prevailing fee level in market and the market conditions.

Save as disclosed herein, there were no transactions required to be disclosed as connected transactions in accordance with the requirements of the Listing Rules.

Confirmation from independent non-executive Directors and the auditor of the Company

Confirmation from Directors

The Directors (including the independent non-executive Directors) have reviewed and confirmed that for the year ended 31 December 2025, the above continuing connected transactions have been and were entered into in the ordinary and usual course of our Group's business and were based on normal commercial terms or better and the agreement governing the transactions were on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Confirmation from auditor of the Company

Based on work performed, our independent auditor, has confirmed in a letter to the Board to the effect that nothing has come to its attention that causes it to believe that the above transactions:

- (a) have not been approved by the Board;
- (b) were not, in all material respects, in accordance with the pricing policies of the Group;
- (c) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and

- (d) have exceeded the caps disclosed in the announcement dated 30 December 2024 made by the Company in respect of the disclosed continuing connected transactions.

The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2025, the Group entered into transactions with related parties set out in note 31 to the consolidated financial statements. Save for the purchases of raw materials from a company of which the controlling shareholder of the company is a key management personal of parent company, which do not constitute connected transactions of the Company as defined in Chapter 14A of the Listing Rules, all the other related party transactions constitute connected transactions or continuing connected transactions of the Company, among which all such transactions are fully exempted connected transactions or continuing connected transactions, as the case may be, save for the construction contracting services under the construction contracting service master agreement.

The disclosure requirements in accordance with Chapter 14A of the Listing Rules have been complied in respect of the non-fully exempted connected transactions or continuing connected transactions

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

REMUNERATION OF THE DIRECTORS AND SUPERVISORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and Supervisors of the Company and five highest paid individuals are set out in note 8 to the consolidated financial statements.

During the year ended 31 December 2025, there were no arrangements under which a director or a supervisor or the five highest paid individuals waived or agreed to waive any emoluments. In addition, no emoluments were paid by the Group to the directors or the supervisors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2024: Nil).

During the year ended 31 December 2025, no retirement benefits were paid to or receivable by any Directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertaking (2024: Nil).

During the year ended 31 December 2025, no payment was made or benefit provided to Directors as compensation for the early termination of the appointment or in respect of termination of the services of Directors during the year (2024: Nil).

During the year ended 31 December 2025, no consideration was provided to or receivable by any third party for making available the services of a person as a director of a company, or in any other capacity while as a director (2024: Nil).

DIRECTORS' REPORT

There were no loans, quasi-loans and other dealings in favour of Directors, controlled bodies corporate by and connected entities with such directors during the year ended 31 December 2025 (2024: Nil).

REMUNERATION POLICY

The Group's Directors, Supervisors and senior management receive compensation in the form of fees, salaries, allowances, discretionary bonus, pension-defined contribution plans and other benefits in kind with reference to those paid by comparable companies, time commitment and the performance of the Company. The Company also reimburses our Directors, Supervisors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to the Company or executing their functions in relation to the operations of the Company. The Group and Remuneration and Appraisal Committee regularly review and determine the remuneration and compensation packages (including incentive plans) of the Directors, Supervisors and senior management, by reference to, among other things, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of our Directors, Supervisors and senior management and the performance of the Company.

NON-COMPETITION AGREEMENT

To ensure that competition will not exist in the future, Mr. Lyu Yaoneng, Zhejiang Jujiang Holdings Group Co., Ltd.* (浙江巨匠控股集团有限公司) and Zhejiang Jujiang Equity Investment Management Co., Ltd.* (浙江巨匠股权投资管理股份有限公司) as controlling shareholders of the Company (the "**Controlling Shareholders**") have entered into non-competition agreement with the Company to the effect that each of them will not, and will procure their subsidiaries (other than the Group) and their close associate(s) not to, directly or indirectly participate in, or hold any interest or right or otherwise be involved in, the principal business and other businesses.

NON-COMPETITION

The Group entered into the Non-Competition Agreement with the Controlling Shareholders on 23 December 2015, under which the Controlling Shareholders agreed not to, and to procure their subsidiaries and respective close associate(s) (as appropriate) (other than the Group) not to, compete, either directly or indirectly, with the principal business and other businesses, namely the design, survey and consultancy business and civil defense products manufacturing business, and granted to the Group the option for new business opportunities, option for acquisitions and pre-emptive rights.

The Controlling Shareholders have further irrevocably undertaken in the Non-Competition Agreement that, during the term of the Non-Competition Agreement, they (as appropriate) will not, and will also procure their subsidiaries and respective close associate(s) (as appropriate) (other than the Group) not to, alone or with any other entity, in any form, directly or indirectly, engage in, participate in, assist or support a third party to engage in or participate in any business that competes, or is likely to compete, directly or indirectly with the principal business and other businesses. The foregoing restrictions are subject to the fact that the Company may waive certain new business opportunities pursuant to the terms and conditions under the Non-Competition Agreement.

The foregoing restrictions do not apply to: (i) the purchase by the Controlling Shareholders, their subsidiaries or close associate(s) (as appropriate) for investment purpose of not more than 10% equity interest in other listed companies whose business competes or is likely to compete with the principal business and other businesses; or (ii) the holding by the Controlling Shareholders, their subsidiaries or close associate(s) (as appropriate) of not more than 10% equity interest in other companies whose business competes or is likely to compete with the principal business and other businesses, as a result of a debt restructuring of such companies (collectively referred to as "Investment Companies" for scenarios (i) and (ii)). For the avoidance of doubt, the exceptions above do not apply to such Investment Companies which the Controlling Shareholders, their subsidiaries or close

DIRECTORS' REPORT

associate(s) (as appropriate) are able to control their respective board of directors notwithstanding the fact that not more than 10% of the equity interests of such Investment Companies are being held by the Controlling Shareholders, their subsidiaries or close associate(s) (as appropriate).

Each of Mr. Lyu Yaoneng, Jujiang Holdings and Jujiang Equity Investment, as the Controlling Shareholders, has confirmed to the Company of his compliance with the Non-Competition Agreement for the year ended 31 December 2025.

The independent non-executive Directors of the Company had reviewed the status of compliance and received confirmation by each of the Controlling Shareholders and, on the basis of such confirmation, are of the view that, to the best of their knowledge, the Controlling Shareholders have complied with the Non-Competition Agreement and such Non-Competition Agreement has been enforced by the Company in accordance with its terms.

DONATIONS

During the year ended 31 December 2025, the Group had made charitable donation amounting to approximately RMB12,000 (2024: RMB0.13 million).

DIRECTORS' COMPETING INTERESTS

Save as disclosed in this report, none of the Controlling Shareholders, Directors and their respective close associates has any interests in any business which directly or indirectly competes or is likely to compete with the principal business and other businesses, which would require disclosure under Rule 8.10 of the Listing Rules.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board comprises six executive Directors and three independent non-executive Directors. The Board has adopted the code provisions (the "**Code Provisions**") of the Corporate Governance Code ("**CG Code**") set out in Appendix C1 to the Listing Rules. Throughout the year ended 31 December 2025 and up to the date of this report, the Company has fully complied with the Code Provisions and the CG Code for the year ended 31 December 2025.

The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements and to meet the rising expectations of the shareholders and investors.

EVENTS AFTER THE REPORTING PERIOD

There are no major events subsequent to 31 December 2025 which would materially affect the Group's operating and financial performance as of the date of this report.

DIRECTORS' REPORT

AUDITOR

There has been no change in the Group's auditors, Ernst & Young, since 12 January 2016, being the Listing Date.

Ernst & Young will retire and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting ("AGM"). A resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming AGM.

On behalf of the Board
Jujiang Construction Group Co., Ltd.
Lyu Yaoneng
Chairman

Zhejiang Province, the PRC, 30 March 2026

2025 WORK REPORT OF THE BOARD OF SUPERVISORS

In 2025, all the members of the Board of Supervisors of Jujiang Construction Group Co., Ltd. (the "Company") discharged their duties cautiously and conscientiously as required by various regulations and requirements such as the Company Law of the PRC (the "Company Law"), the Articles of Association and the Rules of Procedure of the Board of Supervisors. They exercised powers independently in accordance with the law to ensure operational compliance of the Company and safeguard the interests of the Company and investors.

I. Meetings of the Board of Supervisors

During the reporting period, the Board of Supervisors of the Company convened two meetings in total:

1. The third meeting of the fourth session of the Board of Supervisors was convened on 28 March 2025, at which the following resolutions were considered and approved: (1) the "Resolution on the Audited Annual Report and Results Announcement of the Company for 2024" was considered; (2) the "Profit Distribution Resolution for 2024" was considered; (3) the "Resolution on the Re-appointment of Ernst & Young as Auditor of the Company for 2024" was considered; (4) the "Resolution on the Work Report of the Board of Supervisors of the Company for 2024" was considered;
2. The fourth meeting of the session of the Board of Supervisors was convened on 20 August 2025, at which the "Resolution on the Unaudited Interim Results Announcement of the Company for the 2025" was considered and approved.

II. Supervisory Opinions of the Board of Supervisors on Relevant Matters of the Company for the year of 2025:

1. *The Company's operations in accordance with the law*

In 2025, the Board of Supervisors of the Company conscientiously discharged its supervisory duties in strict compliance with the Company Law, the Articles of Association, the Rules of Procedure of the Board of Supervisors and requirements under relevant laws and regulations, and considered that the Board conscientiously enforced the resolutions adopted at general meetings, and faithfully performed its obligation in good faith, without prejudicing the interests of the Company and its shareholders; that the management team of the Company was diligent and responsible, and conscientiously enforced all the resolutions of the Board, the senior management of the Company did not act in violation of laws, regulations and Articles of Association or in a manner damaging to the Company's interests during the performance of their duties for the Company.

2. *The Company's financial position*

The Board of Supervisors of the Company strengthened its supervision over the financial work of the Company based on the actual circumstances of the Company. The Board of Supervisors of the Company considered that the Company was able to strictly abide by the Accounting Law and relevant financial rules and regulations. In 2025, the Company and its subsidiaries had standardized financial management in place and their financial statements gave a true and accurate view of the actual situation of the Company and its subsidiaries. The Board of Supervisors is of the opinion that the accounting treatment of the Company, the preparation of financial reports and the accounting system implemented by the Company are in compliance with the requirements of the relevant systems, and there are no material omissions or false statements in the accounting records.

SUPERVISORS' REPORT

3. *Implementation of the resolutions of general meetings*

During the current reporting period, the Board of Supervisors of the Company supervised the implementation of the resolutions of general meetings. The Board of Supervisors was of the view that the Board had conscientiously fulfilled the relevant resolutions of general meetings and no acts detrimental to the interests of shareholders had occurred.

4. *The Company's internal control*

The Company has established a relatively comprehensive internal control system and organizational system. The Company has a complete organizational structure for internal control, with the internal audit department and staffing in place, which is in compliance with the requirements of relevant national laws and regulations and the actual needs of the Company for production, operation and management. The establishment of such system has played a better role in risk prevention and control across all aspects of the Company's operation and management.

III. The work plan of the Board of Supervisors for 2026

In 2026, we will closely focus on the strategic objectives of the Company's production and operation development, strengthen the implementation of our supervisory functions and conscientiously perform our duties. We will attend the Board meetings of the Company in accordance with the law and keep abreast of the legality of the Company's major decisions and various decision-making procedures, so as to better safeguard the interests of shareholders. The work plan of the Board of Supervisors for 2026 is as follows.

1. *The Board of Supervisors will define its functional positioning for discharging its duties effectively.*

The Board of Supervisors will continue to explore and improve its working mechanism and operation mechanism. The work of the Board of Supervisors will be integrated into the corporate governance structure of the Company to effectively play the role of checks and balances in corporate governance to make sure that the Company is operating pursuant to law, that the Company's assets and shareholders' rights and interests are free from infringement, that the Company's financial and accounting reports are true and legal, that the Company's directors and managers do not have any business acts that will jeopardize the Company's interests or violate the Company's Articles of Association, and that the resolutions made at shareholders' meetings are well implemented and executed.

2. *The Board of Supervisors will strengthen the formulation of rules and regulations to make sure it is operating in a regulated manner.*

The Board of Supervisors will formulate and improve various rules and regulations governing the discussion of official business and its work, carefully formulate the annual work plan and continuously reinforce and improve the build-up of a supervisory regime to have its work regulated gradually. The Board of Supervisors will promote the continuous improvement and effective operation of the internal control system and various management systems of the Company. Through the participation of the management in strengthening the awareness of the improvement and implementation of internal control of the Company and combining the examination and supervision of internal audit, the implementation of the internal control management system will be promoted, which enables the Company to operate in a safer and more stable manner.

SUPERVISORS' REPORT

3. *Conduct in-depth research to improve the effectiveness of the work of the Board of Supervisors.*

Firstly, all Supervisors attended the various meetings of the Board to understand the Company's major business decision-making process and to make recommendations on the work of the Board of Supervisors regarding major issues. Secondly, the Board of Supervisors understands the production and operation situation, and supervises the operation process in a focused manner according to the actual production and operation. Thirdly, the Board of Supervisors organized research and studies on production, finance and marketing, and conducted on-site inspections and serious analyses to plan for the healthy development of the Company.

4. *Strengthen the self-construction of the Board of Supervisors.*

The Board of Supervisors reinforced its ideological, organizational and work-style build-up, and strived to improve its capability for discharging duties as well as its supervision and deliberation standards, increased its innovation capability of its work and enhanced the effectiveness of supervision and inspection for discharging the functions of the Board of Supervisors conscientiously.

The above report is hereby submitted to Supervisors for consideration.

Board of Supervisors of
Jujiang Construction Group Co., Ltd.
30 March 2026

CORPORATE GOVERNANCE REPORT

Adapting and adhering to recognised standards of corporate governance principles and practices has always been one of the top priorities of the Company. The Board believes that good corporate governance is one of the areas that leads to the success of the Company and in balancing the interests of shareholders, customers and employees, and the Board is devoted to ongoing enhancements of the efficiency and effectiveness of such principles and practices.

The Board comprises six executive Directors and three independent non-executive Directors. The Board has adopted the Code Provisions of the CG Code set out in Appendix C1 to the Listing Rules. Throughout the year ended 31 December 2025 and up to the date of this report, the Company has fully complied with the Code Provisions.

The Company has complied with the CG Code for the year 2025. The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements and to meet the rising expectations of the shareholders and investors.

CORPORATE CULTURE

The Company fully recognizes the vital role of corporate culture, which is fundamental to the Group's operations and long-term success. Guided by the principles of "Loyalty, Confidence, and Responsibility" and nurtured by a spirit of craftsmanship, the Group is committed to consistently delivering quality to our clients, fostering growth for our employees, and creating value for society. By strengthening our core competitive edges, we continue to advance with determination toward our aspiration of becoming a leading master in the industry.

BOARD OF DIRECTORS

The Board is committed to providing effective and responsible leadership for the Company. The Directors, individually and collectively, must act in good faith in the best interests of the Company and its Shareholders. The Board has established four Board committees, being the audit committee (the "Audit Committee"), the remuneration and appraisal committee (the "Remuneration and Appraisal Committee"), the nomination committee (the "Nomination Committee"), and the strategic committee (the "Strategic Committee") (each a "Board Committee" and collectively the "Board Committees"), to oversee different areas of the Company's affairs. As of the date of this report, the composition of the Board is as follows:

Executive Directors:

Mr. Lyu Yaoneng (*Chairman*)
Mr. Lyu Dazhong
Mr. Li Jinyan
Mr. Lu Zhicheng
Mr. Shen Haiquan
Mr. Zheng Gang

Independent non-executive Directors:

Mr. Ma Tao
Mr. Wang Xinglong
Ms. Lam Fei Sui

Their biographical details and (where applicable) their family relationships are set out in the section headed "Biographical Details of Directors, Supervisors and Senior Management" on pages 6 to 11 in this report. A list of the Directors identifying their roles and functions is available on the Company's website.

Save as disclosed in this report, there are no financial, business, family or other material/relevant relationships among members of the Board.

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The functions and duties of the Board include but are not limited to: convening Shareholders' general meetings and reporting the Board's work at the Shareholders' general meetings; implementing the resolutions passed at the Shareholders' general meetings; determining our business plans and investment plans; preparing annual budget proposals and final accounts proposals; preparing plans for profit distribution and recovery of losses; preparing plans for the increase or decrease in registered capital; and exercising other power, functions and duties as conferred by the Articles of Association. Each of our Directors has entered into a service contract with the Company. Each of the independent non-executive Directors has entered into service contracts or agreements with the Company for a specific term of three years and is subject to re-election.

The Board is also responsible for determining the Company's corporate governance policies which include: (i) to develop and review the Company's policies and practices on corporate governance; (ii) to review and monitor the training and continuous professional development of Directors and senior management; (iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (iv) to review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and (v) to review the Company's disclosure in the Corporate Governance Report.

The day-to-day management, administration and operation of the Company are delegated to the general manager, Mr. Lyu Yuntao, and the senior management of the Company. The management provides the Board with monthly updates on the Company's performance. The delegated functions and work tasks are reviewed periodically.

Accountability

The Directors acknowledge their responsibility to present a balanced, clear and understandable set of consolidated financial statements in each of the annual and interim reports. If the Directors were aware of material uncertainties relating to events or conditions that might cast significant doubt upon the Company's ability to continue as a going concern, such uncertainties would be clearly and prominently set out and discussed in detail in this Corporate Governance Report.

Directors' Continuous Training and Professional Development

All Directors are aware of their responsibilities to the Shareholders and have exercised their duties with care, skill and diligence, in pursuit of the development of the Company. Every newly appointed Director receives an induction to ensure that he/she has a proper understanding of the business and operations of the Company and that he/she is fully aware of his duties and responsibilities as a director under applicable rules and requirements.

CORPORATE GOVERNANCE REPORT

During the year, the Company, together with its legal advisers, organized training sessions to each of the Directors in relation to continuous responsibilities of Hong Kong listed company and its directors before and after listing. In addition, briefings and updates on the latest development regarding the Listing Rules and other applicable regulatory requirements are provided to each of the Directors during Board meetings to ensure compliance and enhance their awareness of good corporate governance practices.

Name of Director	Types of training	
	Attending in-house training organized by professional organizations	Reading materials updating on new rules and regulations
Executive Directors		
Mr. Lyu Yaoneng (<i>Chairman</i>)	✓	✓
Mr. Lyu Dazhong	✓	✓
Mr. Li Jinyan	✓	✓
Mr. Lu Zhicheng	✓	✓
Mr. Shen Haiquan	✓	✓
Mr. Zheng Gang	✓	✓
Independent non-executive Directors		
Mr. Ma Tao	✓	✓
Mr. Wang Xinglong	✓	✓
Ms. Lam Fei Sui	✓	✓

Independence of Independent Non-executive Directors

The role of the independent non-executive Directors is to provide independent and objective opinions to the Board, giving adequate control and balances for the Company to protect the overall interests of the Shareholders and the Company.

They serve actively on the Board and Board Committees to provide their independent and objective views. In compliance with Rules 3.10(1) and 3.10A of the Listing Rules, the Company has appointed three independent non-executive Directors, representing at least one-third of the Board. One of the independent non-executive Directors has the appropriate professional qualifications in accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

Each independent non-executive Director has submitted annual confirmation of his independence to the Company pursuant to Rule 3.13 of the Listing Rules. Based on the contents of such confirmations, the Company considers that all of the independent non-executive Directors were independent and met the independence guidelines set out in Rule 3.13 of the Listing Rules throughout the year ended 31 December 2025 and up to the date of this report.

CORPORATE GOVERNANCE REPORT

Mechanisms to Ensure Independent Views

All the Directors have full and timely access to the information of the Company (including but not limited to financial reports, audit results and other relevant data) and are equipped with necessary professional advice in their decision-making process, the Board may, in appropriate circumstances, seek independent professional advice at the Company's expenses to assist them. Board members are also encouraged to seek inputs from other stakeholders in appropriate circumstances to ensure that different perspectives are taken into account in the decision-making process. There are formal or informal channels in place to ensure that independent views and inputs are available to the Board. During the year ended 31 December 2025, the Board has reviewed the mechanisms for ensuring independent views and considered that the implementation of the mechanisms was effective.

Board Committees

The Board is supported by a number of committees, including the Audit Committee, Nomination Committee, Remuneration and Appraisal Committee and Strategic Committee. Each Board Committee has its defined and written terms of reference approved by the Board covering its duties, powers and functions. Their terms of reference of the Audit Committee, Nomination Committee, Remuneration and Appraisal Committee and Strategic Committee are respectively available on the Company's website.

All Board Committees are provided with sufficient resources to discharge their duties, including access to management or professional advice if considered necessary.

Audit Committee

The Company has established an Audit Committee on 23 December 2015 with its written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are to review and supervise our financial reporting process and internal control system, nominate and monitor external auditors and to provide advice and comments to the Board.

Our Audit Committee consists of three members, being Ms. Lam Fei Sui, Mr. Wang Xinglong and Mr. Ma Tao, all being independent non-executive Directors. Ms. Lam Fei Sui currently serves as the chairlady of our Audit Committee.

The Audit Committee of the Company has reviewed, among other things, the financial statements of the Company for the six months ended 30 June 2025, the financial statements of the Company for the year ended 31 December 2025, including the accounting principles and practices adopted by the Company, report prepared by the external auditors covering major findings in the course of the audit, the risk management and internal control systems and the overall effectiveness of the Company's internal audit function and the adequacy of resources, qualifications and experience of the staff and the accounting and financial reporting matters, and selection and appointment of the external auditors. During the year, the Audit Committee held two meetings.

Remuneration and Appraisal Committee

The Company has established a Remuneration and Appraisal Committee on 23 December 2015 with its written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the CG Code set out in Appendix C1 to the Listing Rules. The primary duties of the Remuneration and Appraisal Committee are to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group, to make recommendations on the establishment of a formal and transparent procedure for developing such remuneration policy, to evaluate the performance of Directors and senior management, and to ensure that no Director determines his or her own remuneration.

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Our Remuneration and Appraisal Committee consists of three members, including one executive Director, Mr. Lyu Yaoneng, and two independent non-executive Directors, Mr. Wang Xinglong and Mr. Ma Tao. Mr. Wang Xinglong currently serves as the chairman of our Remuneration and Appraisal Committee.

Pursuant to the meeting of the Remuneration and Appraisal Committee on 28 March 2025, the Remuneration and Appraisal Committee has reviewed the remuneration policy and structure relating to the Directors and senior management of the Company. During the year, the Remuneration and Appraisal committee held one meeting.

Remuneration of Directors, Supervisors and Senior Management

The Company has established a formal and transparent procedure for formulating policies on the remuneration of Directors, Supervisors and senior management of the Group. Details of the remuneration of each of the Directors and Supervisors for the year ended 31 December 2025 are set out in note 8 to the consolidated financial statements.

The biographies of the senior management are disclosed in the section headed “Biographical Details of Directors, Supervisors and Senior Management” in this report. The remuneration by band of non-Director members of the senior management for the year ended 31 December 2025 is as follows:

Remuneration band (HK\$)	Number of individuals
0 – 1,000,000	4
1,000,001 – 1,500,000	–
1,500,001 and above	–

Nomination Committee

The Company has established the Nomination Committee on 23 December 2015 with its written terms of reference in compliance with paragraph B.3 of the Corporate Government Code set out in Appendix C1 to the Listing Rules. The primary duties of the Nomination Committee are to make recommendations to our Board regarding candidates to fill vacancies on our Board and/or in senior management.

Our Nomination Committee consists of three members, including one executive Director, Mr. Lyu Yaoneng, and two independent non-executive Directors, Mr. Ma Tao and Ms. Lam Fei Sui. Mr. Ma Tao currently serves as the chairman of our Nomination Committee.

Pursuant to the meeting of the Nomination Committee on 28 March 2025, the Nomination Committee has reviewed the policy for the nomination of Directors, the structure, size and composition of the Board and assessed independence of the independent non-executive Directors and each Director’s time commitment and contribution to the Board, each Director’s ability to discharge his or her responsibilities. During the year, the Nomination Committee held one meeting.

CORPORATE GOVERNANCE REPORT

The nomination committee considered that each Director gave sufficient time and attention to the affairs of the Company and undertook his or her responsibilities effectively during 2025, with regard to the following:

- Directors' skills and experiences;
- each Director's role and positions at the Company and its subsidiaries, as well as his or her external directorships or offices in other companies or organisations and/or other major commitments; and
- each Director's attendance record at the board and committee meetings of the Company (see the Board Meetings section of the Corporate Governance Report) and its subsidiaries during the year.

NOMINATION POLICY

The Board has adopted a nomination policy (the "Nomination Policy") which sets out the selection criteria and nomination procedures to identify, select and recommend candidates for Directors.

1. Selection Criteria

- (a) The Nomination Committee is authorized by the Board to determine the nomination of directors, the procedure, process and criteria to be adopted for the purposes of selecting and recommending candidates for directorship, and shall make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular, the chairman and the chief executive officer. Without prejudice to the Nomination Committee exercising its powers and duties, the ultimate responsibility for selection and appointment of directors rests with the entire directors.
- (b) In assessing the suitability of a proposed candidate, the Nomination Committee may make reference, according to the Company's business model and specific needs, to certain criteria such as the Company's need, the qualification, ability, working experience, leadership and professional ethics of the candidates, especially their experience in construction contracting and/or other professional areas, the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities and, in case of independent non-executive director, the independence requirements set out in the Listing Rules (as amended from time to time), and seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.
- (c) Where necessary, the Nomination Committee should seek independent professional advice to access a wider range of potential candidates.
- (d) Proposed candidate will be asked to submit the necessary personal information, together with his/her written consent to be appointed as a director and to the public disclosure of his/her personal data on any documents or the relevant websites for the purpose of or in relation to their standing for election as a director.
- (e) Non-executive director will receive a formal letter of appointment on his/her appointment to the Board, setting out clearly the expectations of him/her in terms of time commitment, committee service and involvement outside board meetings.

CORPORATE GOVERNANCE REPORT

2. Nomination Procedures

The secretary of the Nomination Committee shall invite nominations of candidates from Board members if any, for consideration by the Nomination Committee. The Nomination Committee may also put forward candidates who are not nominated by Board members.

Any director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his/her appointment and be subject to re-election at such meeting, and any director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. In addition, in the case of the re-appointment of a director at the general meeting, the Nomination Committee shall review the overall contribution of the directors to the Company and their services, their participation and performance within the board of directors, and whether such director still meets the above criteria.

The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

The Board may revoke or terminate any of the appointment of a managing director, joint managing director or deputy managing director in accordance with Article 143 of the articles of association of the Company.

A shareholder of the Company can serve a notice to the Company within the lodgment period of its intention to propose a resolution to elect a certain person as a director. Details of the procedure has been set out in the "Procedure for Shareholders to Propose a Person for Election as a Director of the Company" posted on the website of the Company.

3. Review and Monitor of this Policy

- (a) The Nomination Committee shall review the structure, size, composition (including skills, knowledge and experience) of the Board on a regular basis at least annually and diversity of the Board to ensure that it has a balance of expertise, skills and experience and diversity of perspective appropriate to the requirements for the business of the Company.
- (b) The Nomination Committee shall keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the Company to complete effectively in the marketplace.
- (c) The Nomination Committee shall keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates.

CORPORATE GOVERNANCE REPORT

Strategic Committee

The Company has established a strategic committee on 24 November 2016. The primary duties of the strategic committee are to advise on the Company's long-term development strategy and major investment decision making research and make recommendation.

Our strategic committee consists of three members, including two executive Directors, Mr. Lyu Yaoneng and Mr. Zheng Gang, and one independent non-executive Director, Mr. Ma Tao. Mr. Lyu Yaoneng currently serves as the chairman of our strategic committee.

One meeting was held by the Strategic Committee during the year ended 31 December 2025.

Corporate Governance Functions

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

The Board developed, reviewed and monitored the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, and the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

Attendance Record of Directors

The attendance record of each of the current Directors at the Board and Board committee meetings and the general meetings of the Company held during the year ended 31 December 2025 is set out in the table below. The Directors did not authorize any alternate Director to attend Board or Board Committee meetings.

Name of Directors	Attendance/number of Meetings					
	Board	Audit and Appraisal Committee	Remuneration and Appraisal Committee	Nomination Committee	Strategic Committee	General Meeting
Mr. Lyu Yaoneng	4/4	N/A	1/1	1/1	1/1	1/1
Mr. Lyu Dazhong	4/4	N/A	N/A	N/A	N/A	1/1
Mr. Li Jinyan	4/4	N/A	N/A	N/A	N/A	1/1
Mr. Lu Zhicheng	4/4	N/A	N/A	N/A	N/A	1/1
Mr. Shen Haiquan	4/4	N/A	N/A	N/A	N/A	1/1
Mr. Zheng Gang	4/4	N/A	N/A	N/A	1/1	1/1
Ms. Lam Fei Sui	4/4	2/2	N/A	N/A	N/A	1/1
Mr. Wang Xinglong	4/4	2/2	1/1	1/1	N/A	1/1
Mr. Ma Tao	4/4	2/2	1/1	1/1	1/1	1/1

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Board Proceedings

Meetings of the Board shall be held regularly at least four times each year and shall be convened by the chairman of the Board. Generally, notice would be given for a regular meeting of the Company at least 14 days in advance. The Directors will receive details of agenda items for decision at least 3 days before each Board meeting. The company secretary is responsible for distributing detailed documents (including those provided by the management) to each of the Directors prior to the meetings of the Board to ensure that the Directors may receive accurate, timely and clear information to make informed decisions regarding the matters to be discussed in the meetings. All Directors may access to the advice and services of the company secretary who regularly updates the Board on governance and regulatory matters. All Directors are able to include matters in the agenda upon request to the company secretary. A quorum will be formed by more than half of the Directors (including the proxies) attending a Board meeting in person. If a Director is unable to attend a Board meeting, he may appoint another Director by a written power of attorney to attend on his behalf. Such a power of attorney shall specify the scope of authorization. Directors attending Board meetings on behalf of other directors shall exercise their power as directors within their scope of authorization. If a Director fails to attend a Board meeting and does not appoint an attorney to attend, the Director is deemed to have waived his rights to vote at that meeting. Each Director shall have one vote. Unless specified otherwise in the Articles of Association, resolutions of the Board must be passed by more than half of all the Directors. Where the numbers of votes cast for and against a resolution are equal, the chairman shall have the right to cast an additional vote.

During the year ended 31 December 2025, there were four Board meetings held and all Directors attended the meetings that they were required to attend. All minutes of Board and Board committee meetings are recorded in sufficient details, including the matters considered by the Board and the decisions reached, and are kept by the company secretary. The minutes are sent to all Directors for comment and records, and are open for inspection at any reasonable time on reasonable notice by any Director

Directors' Skills and Experience

The following table outlines the collective expertise and experience of the board:

	Leadership & strategy	People management	Industry and market knowledge	Research and Higher Education	Accounting professionals	Legal professionals	Tax and finance management
Executive Directors							
Mr. Lyu Yaoneng (Chairman)	●	●	●				
Mr. Lyu Dazhong	●	●	●				
Mr. Li Jinyan	●	●	●				
Mr. Lu Zhicheng	●	●	●				
Mr. Shen Haiquan	●	●	●				
Mr. Zheng Gang	●	●	●				
Independent Non-executive Directors							
Mr. Ma Tao	●	●	●	●			
Mr. Wang Xinglong	●	●				●	
Ms. Lam Fei Sui	●	●			●		●

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The current Board composition reflects a balanced mix of skills including leadership and strategy, people management, industry and market knowledge, research and higher education, accounting professionals, legal professionals and tax and finance management. This diverse blend of professional backgrounds, experiences and perspectives supports the purpose, strategic priorities and values of the Company, while reinforcing a strong governance culture. The Board is satisfied that it possesses the appropriate mix of skills, experience and diversity to support the strategic direction and governance needs of the Company.

Board Performance Evaluation

The Board believes that regular Board performance evaluation (the “**Board Performance Evaluation**”) is an essential element to maintaining high standards of corporate governance and enhancing Board effectiveness. The objective of Board Performance Evaluation is for measuring the accountability, transparency and effectiveness of the Board, and ultimately aiming to identify areas for improvement and promote the ongoing enhancement of governance procedures. The scope of the evaluation will cover various aspects, including: (i) Board mix and composition; (ii) relationship between the Board and the management; and (iii) quality of information and decision making.

Pursuant to Code Provision B.1.4 of the Corporate Governance Code (with effect from July 1, 2025) that the Board Performance Evaluation shall be conducted at least once in every two years.

During the year ended December 31, 2025, the Company has not conducted the Board Performance Evaluation (except for the review of the Board’s composition and skills).

The Board Performance Evaluation will be conducted during the year ending December 31, 2026.

Board Diversity Policy

The Board first adopted a board diversity policy (the “Board Diversity Policy”) in 23 December 2015 in accordance with the requirements set out in the CG Code and the Board Diversity Policy had been amended on 1 January 2019. The Board Diversity Policy aims to set out the approach to achieve diversity on the Board. All Board appointments shall be based on meritocracy, and candidates shall be considered against objective criteria, having due regard for the benefits of diversity on the Board. The ultimate decision shall be based on merit and contribution that the selected candidates shall bring to the Board. The Nomination Committee monitors, from time to time, the implementation of the policy, and reviews, as appropriate, the policy to ensure the effectiveness of the policy.

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted: selection of candidate will be based on a range of diversity perspectives with reference to the Company’s business model and specific needs, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidate will bring to the Board.

As at the date of this report, gender diversity has been achieved at board level upon the appointment of Ms. Lam Fei Sui as an independent non-executive Director with effect from 11 June 2024. The Board has set a numerical target to maintain at least one female Director on the Board at all times, and will actively consider increasing the proportion of female members over time as and when suitable candidates are identified. In addition, the principle of Directors appointments will be based on meritocracy, and candidates will be considered against objective criteria, taking into account factors based on the own business model and special needs from time to time, and with due regard to the benefits of diversity on the Board and also the needs of the Board.

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The Company values gender diversity and will continue to take steps to promote gender diversity at all levels of the Company, including but without limitation at the Board and senior management. In recognising the importance of gender diversity, the Company is committed to providing career development opportunities for female staff and to engaging more resources in training the female staff with an aim to promoting them to the position of senior management or Director. The Company will also continue to recruit female talents based on the recruitment policy and with reference to the Board Diversity Policy as a whole.

To ensure gender diversity of the Board, the Nomination Committee will continue and from time to time identify suitable candidates of both genders to the Board to be appointed as Directors. To allow the Shareholders to be able to judge whether board diversity is achieved, we will provide the Shareholders with detailed information of each candidate for appointment or re-election to the Board through announcements and circulars published prior to general meetings of the Company.

The Nomination Committee will review the Board Diversity Policy, assess its effectiveness and, where necessary, make any revisions that may be required and recommend any such revisions to the Board for consideration and approval.

The Nomination Committee considered that an appropriate balance of diversity perspective of the Board is maintained during the year ended 31 December 2025. Based on the review by the Nomination Committee, the Board considered that the Company has achieved the measurable objectives set for implementing the board diversity policy for the year ended 31 December 2025.

Workforce Diversity

The Group always believes that a diverse workforce is one of its core competencies and also a key driver of its strategic objectives and sustainable development. Accordingly, the Group is committed to fostering a diverse and inclusive workplace where all employees have equal opportunities in aspects such as gender, age, cultural and educational background, professional experience, and skills. The policy aims to foster an inclusive corporate culture and ensure that all employees have fair opportunities in recruitment and career development. Also, the Group has set measurable gender diversity objectives to maintain a balanced gender ratio across all employee levels and to sustain at least the current level of female representation on an ongoing basis.

The Company also considers relevant factors in the recruitment and selection of key management and other personnel, and strives to maintain gender diversity. As at 31 December 2025, the employee (excluding senior management) male-to-female ratio was approximately 4:1. Specifically, the male-to-female ratio among senior management was 1:0. For details, please refer to the Environmental, Social and Governance Report of the Company. We have set a measurable objective to maintain at least 20% female representation in our total workforce. The Company will continue to maintain gender diversity among all its staff as the goal and review its policies on employee recruitment and management in a timely manner in accordance with the Company's business development and needs.

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Board of Supervisors

The Board of Supervisors consists of four Supervisors, comprising two representatives of employees (namely Mr. Lyu Xingliang and Mr. Zou Jiangtao) and two external supervisors (namely Mr. Zhu Jialian and Mr. Chen Xiangjiang). Except for the employee representative Supervisors elected by employees, the Supervisors were elected by our Shareholders for a term of three years, which is renewable upon re-election and re-appointment. The functions and duties of the Board of Supervisors include reviewing and verifying financial reports, business reports and profit distribution proposals prepared by the Board; and if in doubt, appointing certified public accountants and practicing auditors to re-examine the Company's financial information; monitoring the financial activities of the Company, supervising the performance of the Directors, the president and other senior management members, and monitoring whether they had acted in violation of the laws, regulations and Articles of Association in the performance of their duties; requesting the Directors, the president and senior management members to rectify actions which are damaging to the Company's interests; and exercising other rights given to them under the Articles of Association. Each of the Supervisors has entered into a written service contract with our Group.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the model code as set out in Appendix C3 to the Listing Rules ("**Model Code**") as the Company's code of conduct regarding Directors' and supervisors' securities transactions. Upon specific enquiries, all Directors and supervisors of the Company confirmed that they have complied with the relevant provisions of the Model Code throughout the year ended 31 December 2025.

Senior management who, because of their office in the Company, are likely to be in possession of inside information, have also been requested to comply with the provisions of the Model Code.

COMPANY SECRETARY

The Group has appointed Mr. Jin Shuigen (金水根) as our company secretary. He reports to the Board Chairman and/or Chief Executive Officer. For details of Mr. Jin, please see the section headed "Biographical Details of Directors, Supervisors and Senior Management – Company Secretary".

In compliance with Rule 3.29 of the Listing Rules, Mr. Jin has undertaken no less than 15 hours of relevant professional training for the year ended 31 December 2025.

FINANCIAL REPORTING AND INTERNAL CONTROL

Financial reporting

The Board acknowledges its responsibility to prepare the Company's financial statements which give a true and fair view of the Company's state of affairs, results and cash flows for the year and in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. The Company has selected appropriate accounting policies and has applied them consistently based on prudent and reasonable judgments and estimates. The Board considers that the Company has adequate resources to continue in business for the foreseeable future and is not aware of any material uncertainties relating to events or conditions that may affect the business of the Company or cast doubts on its ability to continue as going concern.

The responsibilities of Ernst & Young, the Company's external auditor, with respect to financial reporting are set out in the section headed "Independent Auditor's Report" in this report.

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Internal controls and risk management

The Board recognizes its responsibility to ensure the Group maintains a sound and effective risk management and internal control system, with the internal audit department and staffing in place. The Board is responsible for overseeing the risk management and internal control system, and has conducted annual review of the effectiveness of the internal control system and risk management of the Group during the year. The Group has established a risk management framework under which risks are identified, evaluated and managed on a continuous basis. At the operational level, each business unit and functional department is responsible for identifying and assessing the risks relevant to its own operations. Appropriate risk mitigation measures and internal controls are then designed and implemented. The corresponding mitigation measures are reviewed and updated at least annually. The Group's internal control system is designed to safeguard assets against misappropriation and unauthorized disposition and to manage operational risks. The main features of the system include clearly defined management responsibilities, an appropriate organizational structure with segregation of duties, established policies and procedures covering key operational and financial processes, and appropriate authorization levels for significant transactions. However, the Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. Review of the Group's internal controls covering major financial, operational and compliance controls, as well as risk management functions of different systems has been done on a systematic basis based on the risk assessments of the operations and controls. Several areas have been considered during the Board's review, which include but not limited to (i) the changes in the nature and extent of significant risks since the last annual review, and the Group's ability to respond to changes in its business and the external environment; (ii) the scope and quality of management's ongoing monitoring of risks (including ESG risks) and of the internal control systems; and (iii) the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting functions, as well as those relating to the Company's ESG performance and reporting (iv) the extent and frequency of communication of monitoring results to the Board and the Audit Committee; (v) whether any significant control failings or weaknesses have been identified during the year and, if so, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Group's financial performance or condition; and (vi) the effectiveness of the Group's processes for financial reporting and compliance with the Listing Rules. No major issue but areas for improvement have been identified. The Board and the Audit Committee considered that the key areas of the Company's internal control and risk management systems are reasonably implemented and considered them effective and adequate. Where areas for improvement have been identified, management has been directed to develop and implement remedial measures, and the progress of such measures is followed up and monitored by the internal audit department and reported to the Audit Committee.

The Company has adopted the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission as its own guidelines in handling and dissemination of inside information. Unauthorized use of confidential information is strictly prohibited. The Group has established procedures to identify and evaluate situations that might constitute inside information. Before any disclosure, the Board ensures that inside information about the Group remains strictly confidential, limiting access only to essential personnel. The Group is committed to disclosing inside information in a way that provides equal, timely, and effective public access.

External Auditor

Ernst & Young has been appointed as the external auditor of the Company. The Audit Committee has been notified of the nature and the service charges performed by Ernst & Young and considered that such services have no adverse effect on the independence of the external auditor.

For the year ended 31 December 2025, the fees payable to Ernst & Young in respect of its annual audit services provided to the Company was RMB2.05 million. Except for audit service fee, there are no other fees payable to Ernst & Young.

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditor during the year under review.

The Company did not change the auditor over the past three years.

CORPORATE GOVERNANCE REPORT

Shareholders' Rights

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An AGM of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an AGM, shall be called an EGM.

Right to convene extraordinary general meeting

When requesting the convening of an extraordinary general meeting or a class meeting, it shall be handled according to the following procedures:

- (1) Shareholder(s), individually or collectively holding 5% or more of the shares carrying the right to vote at the meeting shall sign one or more written requests of the same form stating the subject of the meeting and requesting that the Board convene an extraordinary general meeting or a class meeting thereof. The Board shall convene an extraordinary or a class general meeting responsively after receipt of such request. The aforesaid amount of shareholding is calculated as on the day when the Shareholders make the request in writing.
- (2) If the Board fails to send notification of the meeting within 20 days from the date of the receipt of such request, requesting Shareholders may call the meeting within four months of the date of the receipt of such request by the Board, and the procedures for calling the meeting shall remain as same as possible when the Board would call the meeting.

Shareholders can make enquiries to the Board and submit their written requisition by mailing to the Board or the company secretary of the Company at the Company's principal place of business in Hong Kong at 28/F, Henley Building, 5 Queen's Road Central, Central, Hong Kong or by fax at +86 573 8088 0902.

Right to put forward proposals at general meeting

Shareholder(s), individually or collectively holding 3% or more of the shares carrying the right to vote at the meeting shall have the right to make proposals to the Company and may submit interim proposals and submit them to the convenor in written form 10 days before the convening of the general meetings. The convenor shall, within 2 days after receipt of the proposal, issue a supplementary notice about the said meeting, to publicize the contents of provisional proposals.

INVESTOR RELATIONS

The Company endeavours to maintain an on-going dialogue with Shareholders. The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the AGM, the annual and interim reports, notices, announcements and circulars and the Company's website at www.jujiang.cn providing the Shareholders and the investment community with ready, equal and timely access to balanced and understandable information about the Company, with a view to enabling the Shareholders to exercise their rights in an informed manner and to allow the Shareholders and the investment community to engage actively with the Company. The Board has reviewed the shareholder communication policy and confirmed its effectiveness.

Constitutional Documents

The current Articles of Association were approved and adopted with effect from the AGM held on 11 June 2024. As at the date of this report, no change has been made to the Articles of Association after the AGM held on 11 June 2024. A copy of the latest Articles of Association are posted on the websites of the Company and Stock Exchange.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

This is the Environmental, Social and Governance (“ESG”) Report (the “ESG Report”) of the Group for the year ended 31 December 2025, which outlines the principles and sustainability philosophy of the Group in fulfilling its corporate social responsibility (“CSR”) and illustrates the relationship between the Group and its major stakeholders with a vision and commitments for its CSR.

BOARD STATEMENT

The Board has overall responsibility for the Group’s ESG strategy and reporting. In particular, the Group has set up an ESG working group (the “**ESG Working Group**”). The ESG Working Group handles the day-to-day work of collecting ESG data, carrying out ESG initiatives, tracking the Group’s ESG performance and reporting back to the Board on a regular basis. The Board is responsible for evaluating and determining the Group’s ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place. As part of its management approach, the Board, together with the ESG Working Group, reviews the Group’s operations, engages with stakeholders, and assesses ESG issues based on their potential impact on the Group’s business. Material issues are then prioritised and addressed through corresponding policies and measures. The management will regularly report the relevant state to the Board.

The Board has also set ESG-related goals and targets with reference to the Group’s business and development plans. The Board reviews progress against these goals at least once a year and, where performance falls short, directs management to take corrective action.

During the year ended 31 December 2025 (the “Reporting Period”), the Group continued to improve its performance in fulfilling its CSR through diversified measures. The ESG report provides details of the Company’s policies and practices in two aspects namely environmental and social for the Reporting Period.

REPORTING PRINCIPLES

With respect to the reporting principles, the Group ensures that ESG issues discussed in this Report are sufficiently important and material to investors and stakeholders including but not limited to shareholders, governments, employees, clients, suppliers and communities. In this report, Key Performance Indicators (“KPI”) required by the ESG reporting guide are measurable such that the effectiveness of our ESG policies and management systems can be evaluated and validated continuously. The Group regularly collects KPIs related to environmental, social and governance issues and follows up on the Group’s performance in relevant aspects to optimize and improve the disclosure of KPIs. Where applicable, the Group compares data for each year and discusses relevant trends and impacts.

The ESG Report was prepared in accordance with Appendix C2 to the Listing Rules. The ESG Report follows the reporting principles set out in the ESG Reporting Guide.

Materiality: The content of the ESG Report is determined based on stakeholder engagement and materiality assessment, which includes identifying ESG-related issues, collecting and reviewing the opinions of internal management and different stakeholders, assessing the relevance and materiality of the issues, and compiling and verifying the information reported. The ESG Report has comprehensively covered the major ESG issues concerned by stakeholders.

Quantitative: The Group has disclosed the quantified Environmental and Social key performance indicators in the ESG Report, and listed the standards, methods and references used to calculate the key performance indicators, as well as the conversion factors used in these key performance indicators, so that stakeholders can fully understand the Group’s ESG performance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Balance: This ESG Report provides an unbiased disclosure on the Group's ESG performance by highlighting both the achievements and challenges on ESG management.

Consistency: The Group adopts consistent reporting and calculation methods as far as reasonably practicable, and details material changes in information or methods in relevant sections to facilitate comparisons of ESG performance from year to year.

In order to determine what issues are relevant and material to our business with respect to sustainability, the Group is aware that the key is to understand what issues that the stakeholders concerned most. Therefore, the Group defines the stakeholders as people who affect our business or who are affected by our business. In the daily business, the Group actively exchanges information with the stakeholders through the transparent platform while the Group is devoted to continuous improvement of the communication system. In addition, the Group is committed to maintaining a long term partnership with the stakeholders and are actively engaged in addressing their concerns with timely follow-up actions. The Group is dedicated to create a sustainable growth for the benefits of all the stakeholders.

Unless otherwise indicated, this report presents a fair comparison of the Group's historical performance by adopting a methodology consistent with its previous reports.

SCOPE OF THE ESG REPORT

The Group's core business is engaged in the construction contracting, design, survey, consultancy and other businesses in the PRC. The data disclosed in the ESG Report was collected from the main office of the Group in the PRC. The Group will continue in assessing the impacts of its business on the major ESG aspects and to include in the ESG Report.

REPORTING FRAMEWORK

The Group has prepared the ESG report pursuant to the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") set out in Appendix C2 to the Listing Rules. The ESG Report adhere to the reporting principles of the ESG Reporting Guide, and complies with the "Comply or Explain" provisions therein.

ACCESS OF THE ESG REPORT

The ESG report is released in both printed and online versions. The online version is available on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.jujiang.cn).

This report is released in both English and Chinese versions. Should there be any discrepancies between the two versions, the English version shall prevail.

CONTACT INFORMATION

We highly appreciate and welcome your feedback on the ESG Report so that we may meet the stakeholder's interests and for our sustainability initiatives. For any enquires or recommendations, please forward to us at our principal place of business in Hong Kong, 28/F, Henley Building, 5 Queen's Road Central, Central, Hong Kong.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDER ENGAGEMENT

Communication with stakeholders is very important to the Group. The Group has identified the key stakeholders, including shareholders, government and regulatory authorities, employees, business partners, the public and the community. The table sets out the Communication Channels and expectations of the major stakeholders.

Major stakeholders	Communication Channels	Expectations
Shareholders	<ul style="list-style-type: none"> Annual general meeting and other shareholder meetings Annual report and interim report Announcements and circulars Company's website Meeting with investors 	<ul style="list-style-type: none"> Return on investment Information disclosure and transparency Protection of shareholders' rights and fair treatment of shareholders
Government and regulatory authorities	<ul style="list-style-type: none"> Policy guidance Response to public consultation in writing Meeting 	<ul style="list-style-type: none"> Compliance with laws and regulations Implementation of relevant regulatory policies, such as production safety, environmental protection and social responsibility Proper tax payment
Employees	<ul style="list-style-type: none"> Regular meetings and training Performance assessment Staff newsletters and broadcasts Labour union 	<ul style="list-style-type: none"> Salary and welfare Safe working environment Fair career development opportunities
Customers	<ul style="list-style-type: none"> Regular meetings Site visit Exhibition Email 	<ul style="list-style-type: none"> High quality products and services Group reputation and brand image
Business partners	<ul style="list-style-type: none"> Business partner meetings Site visit Email Tendering process Purchase review 	<ul style="list-style-type: none"> Long-term partnership Win-win cooperation Fair purchase Timely payment
The public and the community	<ul style="list-style-type: none"> Site visit Email Public newsletters and broadcasts 	<ul style="list-style-type: none"> Volunteer Community visit Donate

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL

In the construction contracting business, there are different type of environmental issues. In order to address such issues, the Group aims to minimize the environmental impact of our operating activities. The Group has established and implemented an environmental compliance system to specify various environmental protection procedures and measures and ensure our compliance with ISO14001:2015 standards and the relevant PRC laws and regulations. We have adopted corresponding environmental protection measures to ensure compliance with relevant laws and regulations, including noise control, air pollution control, as well as solid waste and waste water treatment. Set forth below is a summary of the standard environmental protection measures we have implemented:

Environmental matter	Measures
Noise control	Use low-noise equipment and machinery Inspect and maintain all equipment before use to comply with permitted noise level Undertake works in accordance with the permitted working hours as specified by PRC law
Air pollution control	Suppress dust particles on construction sites by use of water Install dust screens as necessary Lower dust and harmful particles generated on construction sites through use of construction techniques and equipment
Solid waste disposal	Transport solid waste to landfills designated by local governments
Waste water treatment	Use sedimentation tanks to reduce the suspended solids in the waste water before being discharged Discharge rain and waste water separately

In addition, the Group have communicated with the people involved in the works including our employees and subcontractors about the environmental policy and educates them to meet the legal, contractual and other environmental requirements. The Group has been conducting regular review and update annually to ensure the proper operation of our environmental management system.

As mentioned above, the Group generally bears a low impact on emission except electricity consumption which is our major source of greenhouse gas ("GHG") emission and energy footprint. Despite that, the Group has strived to achieve environmental sustainability and has formulated relevant rules and regulations for a sound and effective management of energy consumption, emission, and use of resources as well as discharge of domestic waste and sewage and other pollutants, as highlighted below:

- comply with applicable environmental protection laws and regulations;
- define appropriate goals, objectives and targets on a regular basis for our ESG management approach;
- improve continuously the ESG management system and maintain rigorous standards;
- promote environmental awareness among the workforce with regular communication; and
- communicate our environmental performance to stakeholders and seek their involvement wherever applicable.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the year ended 31 December 2025, the Group complied with applicable environmental protection laws and regulations in relation to air and GHG emissions, discharge into water and land, and generation of hazardous and non-hazardous waste. The Group did not violate any environmental protection laws or regulations of the region where we operate, nor was it subject to significant fines, non-monetary penalties and litigation relating to environmental protection.

CLIMATE CHANGE

Climate change is not just a change in the global temperature, it is also a change in the weather. It becomes an important environmental issue in the world. The Group has realised to identify and evaluate the risks imposed by climate change and has been implementing possible measures. In addition, the Group have been consolidating resources to strengthen governance, developing long-term strategies and expanding our climate-risk management capabilities.

Among all the phenomena of climate change, the Group realized that the rainstorms, floods, heatwaves, high temperature and severe typhoons had adverse impacts on our operation. The Group has sets up preventive measure and standard operating procedures and educates our employees and subcontractors to prevent losses and incidents under the extreme weather events.

ENERGY CONSERVATION AND EMISSION REDUCTION

Reducing energy consumption and improving energy efficiency are keys to slowing down global climate change, and therefore the Group strives to improve its energy saving performance on operation and project development.

POWER CONSUMPTION CONTROL

The headquarters and other offices of the Group all adhere to the principle of energy conservation and environmental protection. Each office of the Group has formulated a guideline on the use of air-conditioners, where heaters are allowed in winter only when the temperature is below 0°C, and air-conditioning are allowed during summer when the temperature is above 30°C.

WASTE MANAGEMENT

The Group strictly complied with the Law of the PRC on Solid Waste Pollution Prevention and Control, Regulations on the Administration of Hazardous Waste Transfers, National Hazardous Waste List, Green Construction Guidelines and other related laws and regulations. The Group has established waste management system to classifies and disposes of waste generated during the construction and operation process. In the meantime, the Group aims at reducing generation of waste from business operation gradually in the future.

In the construction contracting business, the Group does not produce any ignitable, corrosive, reactive, toxic, etc. hazardous waste which is harmful to the environment. We will pay special attention on the management and treatment of hazardous waste if our future operations produces any hazardous waste. No hazardous and non-hazardous waste occurred during the years ended 31 December 2024 and 2025, respectively. The Group will closely monitor the hazardous and non-hazardous waste data and disclose the data from time to time.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Greenhouse Gas (“GHG”) Emissions

During the course of the Group’s operations, GHG emissions are generated from the usage of electricity consumption. The following table set forth the summary of GHG emissions performance of the Group during the year ended 31 December 2025.

	2025		2024	
	Total emissions (tCO ₂ e)	Intensity (Note 2) (tCO ₂ e/ employee)	Total emissions (tCO ₂ e)	Intensity (Note 2) (tCO ₂ e/ employee)
Indirect GHG emissions				
– Electricity consumption	963.4	1.2	1,001.6	1.1
– Unleaded petrol consumption	68.4	0.1	78.1	0.1
Total	1,031.8	1.3	1,079.8	1.2

Notes:

1. Combined margin emission factor of 0.792 tCO₂eq/MWh was used for electricity consumed the PRC; and combined margin emission factor of 3.15 of tCO₂eq/ton was used for petrol consumption
2. As at 31 December 2025, the Group had 832 employees in total. The data is also used for calculating other intensity data

Environmental performance

For our general daily operation, the environmental performance of “Use of Resources” during the year ended 31 December 2025 are shown as below.

	Unit	2025		2024	
		Total	Intensity (per employee)	Total	Intensity (per employee)
Direct consumption –					
Electricity	MWh	1,216.4	1.5	1,264.7	1.3
Water	ton	6,713.0	8.1	8,762.0	9.3

Economical Use of Resources

The Group strictly complies with the requirements of Energy Conservation Law of the People’s Republic of China and has formulated rules in relation to i) integrated planning of usage of water and electricity during production, proper arrangement for preheating and energy-consuming procedures for production workshops, turning off no load current equipment and shutting off the electric power once production is finished in accordance with the characteristics of production procedures generally; and ii) fostering awareness of water and electricity conservation among all staff and of them is unnecessary to reduce the consumption of energy. The Group attaches great importance to the management of water resources, and continuously commits itself to the protection of water resources. The Group mainly sources water from municipal water supply and has guarantees on obtaining sufficient water resources. During the Reporting period, there was no issue in sourcing water that is fit for purpose of the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In the process of operation, the Group continuously improves the water resource management measures, pursues the goal of maximization of water use efficiency, gives priority to the use of water-saving equipment, continuously optimizes the production process, improves the recycling rate of water resources and reduces ineffective water use.

There were no cases of non-compliance in relation to emissions and the environment within the reporting scope during the Reporting Period. Looking ahead, we will continuously assess its environment risks so as to formulate appropriate response measures and regularly review.

Packaging materials

The Group does not use cartons, paper and plastics as packaging materials. Therefore, the Company does not consume packaging materials.

The Group will continue to closely monitor the utilisation of resources and conduct regular assessment to seek better ways for contributing to environmental protection.

Environmental Targets

The Group considers that it has reached an optimal point in relation to emission control and resources use. The Group targets to maintain emission control and use of resource by intensity or by revenue, in next five years. Upon new systems and another optimal point are seen to be achievable, the Group will set a reduction target and disclose such goal from time to time.

SOCIAL

Employees

The Group believes that our long-term growth depends on the expertise, experience and development of our employees. The salaries and benefits of our employees depend primarily on their type of work, position, length of service with us and local market conditions. In order to improve our employees' skills and technical expertise, we provide regular training to our employees. Besides these, the Group has made detailed regulations in its employee manual with respect to promotion, dismissal, working hours, vacations and other aspects.

The Group strictly complies with the Labour Law of the People's Republic of China, the Employment Promotion Law of the PRC, Social Insurance Law of the PRC, Law of the PRC on the Prevention and Control of Occupational Diseases and other laws and regulations, regulates employment management and effectively protects the rights and interests of employees. During the year ended 31 December 2025, the Group is not aware of any non-compliance with relevant laws and regulations regarding employee matters.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group mainly recruits through recruitment fairs and on-campus recruitment. As at 31 December 2025, we had a total of 832 employees, of which 450, or 54.1%, were based in Jiaxing, and 382, or 45.9%, were based in other areas in Zhejiang Province and in other provinces and regions in China. The following table sets forth the number and breakdown of our full-time employees by function as at year ended 31 December 2025:

	Number of employees	
	2025	2024
Project management	421	461
Quality and safety	190	234
Administrative and management	95	98
Design, survey and consultancy	38	55
Sales and marketing	48	54
Finance	40	42
Total	832	944

Employment statistics by gender, age and education level training

	2025	2024
Total number of employees	832	944
By gender (senior management):		
Total number of male employees	8	8
Total number of female employees	–	–
By gender (excluding senior management):		
Total number of male employees	646	744
Total number of female employees	178	192
By employment type:		
Total number of full-time employees	832	944
Total number of part-time employees	–	–
By age group:		
Employees within the age group below 30	97	169
Employees within the age group of 30-45	472	506
Employees within the age group of 46-60	233	242
Employees within the age group above 60	30	27
By geographic region:		
PRC	831	943
Hong Kong	1	1
By education level:		
Junior high school and below	138	160
Senior high school and vocational training	94	104
College	214	236
Undergraduate and above	386	444

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Benefits

To attract, motivate and retain talents, the Group has set up a compensation and benefits management system, and regularly reviews the compensation and benefits packages of employees to ensure their competitiveness in the market. The employment benefits provided by the Group include pension, medical insurance, high temperature subsidy, labour protection and training subsidy.

	2025	2024
Turnover rate of employees		
By gender:		
Turnover rate of male employees	20.3%	19.5%
Turnover rate of female employees	19.5%	19.1%
By employment type:		
Turnover rate of full-time employee	20.1%	19.4%
Turnover rate of part-time employee	-	-
By age group:		
Turnover rate of employees within the age group below 30	23.3%	17.6%
Turnover rate of employees within the age group of 30-45	19.8%	20.6%
Turnover rate of employees within the age group of 46-60	18.0%	18.3%
Turnover rate of employees within the age group above 60	25.9%	21.1%
By geographic region:		
PRC	20.2%	19.4%
Hong Kong	-	-

The Group has a labor union that protects our employees' rights, assists us in attaining the economic objectives of the Company, encourages employees to participate in management decisions and assists us in mediating disputes with union members.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OCCUPATIONAL HEALTH AND SAFETY

Safety Management system

The Group has in place stringent internal safety policies to ensure our safe operations and ensure our compliance with relevant PRC laws and regulations. Our quality and safety department, which is based at our headquarters, is responsible for overseeing our compliance with relevant PRC laws and regulations, conducting regular reviews and inspections of our safety performance, conducting review of any material accidents, and ensuring that we maintain the necessary licenses, approvals and permits to operate. We maintain ISO45001: 2018 certificates for our construction contracting business and our civil defense products manufacturing business. Such certificates have a validity period of three years (From 3 April 2023 to 23 April 2026).

Pursuant to Provisions on the Administration of Construction Enterprises' Work Safety Permits, we are required to meet a number of requirements, including but not limited to: (i) management personnel and the operators shall accept work safety education training; (ii) ensure that office areas and living quarters of the construction site and the construction operation space, safety appliances, machinery and equipment, construction machinery, tools and fittings comply with the relevant laws, regulations, standards and rules concerning work safety; and (iii) implement prevention and monitoring measures and emergency safety plan for construction works that are more dangerous and where serious accidents are more likely to occur.

During the year ended 31 December 2025, the Group was granted 30 construction safety awards at provincial-level, municipal-level or county-level, including Safe and Civilised Construction Demonstration Sites in Zhejiang Province accredited by the Zhejiang Provincial Department of Construction.

Accident Rate Analysis

For the years ended 31 December 2023, 2024 and 2025, the accident rate on the Group's construction projects was 0.47, 0.64 and 0.48 workplace accidents for every 1,000 workers, respectively. The Group accident rate equals the number of workplace accidents (including fractures and other injuries) during the relevant year or period divided by the annual average number of workers on our construction projects (including our project management personnel and subcontracted workers). Moreover, a table showing the Group's lost time injuries frequency rates ("LTIFR(s)") (Note) is set out below:

For the years ended 31 December

2025	Less than 0.01
2024	Less than 0.01
2023	Less than 0.01

Note: LTIFR is a frequency rate that shows how many lost time injuries occurred over a specified time (e.g. per 1,000,000 hours) worked in a period. The LTIFRs shown above are calculated by using the total labour hours worked per year to divide the number of recordable cases and multiply by 1,000,000. It is assumed that the working hours of each worker is 10 hours per day.

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For the years ended 31 December 2023, 2024 and 2025, the number of workplace accidents (including fractures and other injuries) and work-related fatalities occurred on our construction sites were as follows:

For the year ended 31 December	Number of workplace accidents	Number of work-related fatalities
2025	4	–
2024	6	–
2023	5	–

Having considered the number of accidents and fatalities nationally and in Zhejiang Province during 2023, 2024 and 2025, the Directors believe that we did not have a high accident number during the year ended 31 December 2025.

Training

The Group provides different career development and training programs to all levels of staff. Continuous learning is one of our core values. Employees may be provided with in-house training sessions or may enrol in external training courses, such as seminars, workshops, visits and demonstrations, so as to upgrade their skills and strengthen their knowledge, thus enabling them to fulfil their duties more efficiently.

	2025	%	2024	%
Total number of employees received training	832	100.0	944	100.0
Total number of male employees received training	654	78.6	752	79.7
Total number of female employees received training	178	21.4	192	20.3
Total number of senior management received training	18	2.2	18	1.9
Total number of middle management received training	131	15.7	135	14.3
Total number of the rest of staffs received training	683	82.1	791	83.8
Average training hours for male employee	23.0		15.1	
Average training hours for female employee	22.3		16.7	
Average training hours for senior management	26.4		16.0	
Average training hours for middle management	19.3		14.1	
Average training hours for the rest of staffs	23.8		15.6	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Fair recruitment

The Group recruits staff based on a fair, open and impartial principle to ensure the recruitment and selection process is objective and consistent. The Company only take into account an individual's competence, regardless of the age (no recruitment of minors under the age of 16), nationality, race, gender, religion, pregnancy or disability. This process avoids any employment discrimination and offers equal employment opportunities to all candidates.

Employment

The Company strictly followed Labour Law of the PRC, Law of the PRC on Employment Contracts and Provisions on the Prohibition of Using Child Labour to recruit and manage staff and expressly specified that the Group must follow the policies such as national labour law and forbid employing child labours younger than 16 years old, forbid forcing the staff to do the jobs at certain post or to work, and forbid all types of compulsory work. The Company also forbids taking punitive measures, management means and behaviours like abusing, corporal punishment, violence, spirit oppression, sexual harassment (including improper language, posture and body contact) or sexual abuse. In addition, the Company regularly provides the management with education training in terms of management ability and skills to further avoid the occurrence of events aforesaid.

The Group has detailed all recruitment procedures and requirements in the "Human Resources Management System" in the "Employee Handbook". At the time of job interview, the Human Resources Department will request the job applicants to provide valid identity document for the verification of actual age of the applicants. The Group has also established internal file management procedures to regularly review and inspect to prevent any employment of child labour. When any irregularities are identified, the Group will immediately carry out investigations and impose punishment.

The relevant working hours and overtime regulations are set out in detail in the "Attendance and Leave System" in its "Employee Handbook". The employees' resting time is well respected, and all employees are entitled with paid holidays in accordance with the local laws and regulations. To maintain the physical and mental balance of the employees, digital attendance systems are put in place to effectively manage the working hours and resting dates of the employees. To prevent forced overtime work, any necessary arrangements of overtime must be agreed by the employees voluntarily. Overtime and overtime pays are in line with the local laws and regulations. If any form of forced labour is found, the Group will immediately investigate and stop the forced labour situation, and will communicate and discuss the investigated situation to the senior management in a timely manner.

Labour Standards

Being fully aware that exploitation of child and forced labour violates human rights and international labour conventions, the Group strictly prohibits the employment of any child labour and forced labour in any form. New employees are required to provide true and accurate personal data when they are onboard. During the Reporting Period, the Group strictly complied with the relevant laws and regulations, in relation to the prevention of child labour or forced labour. No material non-compliance with the laws and regulations has been found by the Group.

Supply Chain Management

The Group recognises that supply chain management is essential in improving operational efficiency, and therefore we work closely with our suppliers and contractors to meet customers' needs in an effective and efficient manner, while emphasising responsible operating practices. The Group has implemented several measures to manage the environmental and social risks of the supply chain of the Group. In addition, the Group closely monitors the budget and materials used in order to avoid unnecessary waste and increase to use recyclable material in the projects.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has established the “Purchasing Policy” which stipulates that the selection of suppliers should take consideration of, but not limited to price competitiveness, quality, fulfilment of specifications and logistics services. The Group has also assigned relevant personnel to manage its supplier selection process. In addition, the Group has formulated the “Supplier Code of Conduct” to integrate environmental and social responsibility considerations into our purchasing decisions. Suppliers are required to comply with our basic environmental and social responsibility requirements. Where possible and appropriate, we encourage and offer support to our suppliers in improving their own sustainability performance. The requirements cover legal and regulatory compliance, business ethics (including anti-corruption), community development, human rights, labour practices, and environmental protection. During the financial year, the Group was not aware that any key suppliers had any significant actual and potential negative impact, nor any of them had any non-compliance incident in respect of the said aspects. The Group has also incorporated climate change considerations in procurement processes and encouraged the use of low carbon and energy efficient products and materials.

The Group manages the procurement of principal raw materials separately from the procurement of other raw materials. The other raw materials are procured by the project management department upon receiving approval from the procurement department. As for principal raw materials, the procurement department maintains a list of qualified suppliers, from which the project management department procures on an as-needed basis. Qualified suppliers are selected based on various criteria, including pricing, quality, record of timely delivery, location, supply capacity, credit terms, environmental protection assessment and customer service. The list of qualified suppliers is reviewed annually by assessing their performance and inspecting the products quality during the course of project development. During the reporting period, all of our major suppliers were domestic companies, with whom we have established long-term relationships of three to ten years. The Group may procure principal raw materials from suppliers not on the list of qualified suppliers only in special circumstances and such procurement must be reviewed by the relevant project manager and approved by the procurement department. As of 31 December 2025, The Group had a total of 486 suppliers (2024: 718) with transactions amounts over RMB1.0 million, which include raw material suppliers and subcontractors.

The typical environmental and social issues associated with our operations include environmental pollution, hazards to occupational health and safety, impacts on communities and compliance with the environmental-related and social-related laws and regulations. The Group has requested our long term suppliers to use more environmental-friendly materials and to comply with all relevant laws and regulation, social and environmental requirements.

Most of our equipment and machinery are procured domestically from manufacturers in China, with whom we have established long-term relationships. We select our equipment and machinery suppliers based on numerous factors, including quality, pricing, reputation and aftersales services. We have in place a strict policy and approval system for the procurement of equipment and machinery.

QUALITY CONTROL AND MANAGEMENT

Stringent quality control is critical to the Group’s reputation and success. As such, we adopt comprehensive quality control measures to ensure the high quality of our construction contracting services. Our quality and safety department is responsible for the adoption of quality control measures and periodic inspections of our operations. The following is a summary of the key quality control measures we implement:

- Inspection of raw materials. We inspect raw materials in accordance with our quality standards and the specifications of our customers. We are typically required to provide a product certificate and obtain our customer’s approval before using such raw materials in our construction projects;

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **Training.** We provide training to our project management teams and our subcontracted workers to ensure their understanding of, and compliance with, our quality standards on a monthly basis. In addition, our project management team also holds daily assemblies with our subcontracted workers to review construction safety measures and precautions;
- **Standardized construction.** We implement standardized construction methods and technologies in all of our construction projects. For large-scale and complex construction projects, we may set up construction process demonstration areas on project sites, where key standardized construction methods and processes are exhibited or detailed to ensure our compliance with such methods and processes. In 2024, the Group was awarded Second prize of Project Construction Quality Management group activity achievement competition by Zhe Jiang Construction Industry Association;
- **Onsite inspections and rectification.** We conduct periodic inspections and spot checks on our construction projects, and require our personnel to implement immediate rectification measures if any quality control issues are identified. Upon rectification, we re-inspect the quality control issues to ensure that such issues have been resolved. As required by our customers, independent surveyors will conduct periodic inspections and spot inspections of our construction projects. Inspection results will be documented in a monthly report, setting forth an assessment of construction quality, our construction progress and targets for construction progress and construction quality in the next month;
- **Quality control review.** After the completion of each project and at the end of each quarter, we conduct a comprehensive review and analysis of any quality control issues. In addition, we survey our customers for feedback on an annual basis and after completion of each project to improve the quality of our services and products;
- **Subcontractors.** We require our construction subcontractors to fully abide by our quality control measures when performing work for our construction projects.

During the years ended 31 December 2025 and 2024, the Group maintained ISO9001:2015 certificates for our construction contracting business. The construction works delivered by us to our customers had fulfilled the specifications and requirements under the contracts, applicable statutory and regulatory requirements. The Group did not experience any material quality issues or receive any material complaints about the quality of our construction projects. Due to our business nature, recall procedures are not applicable.

We respect intellectual property rights. The Group takes full advantage of legal protections by registration of trademarks and patents. The Group relies on a combination of patents, trademarks, domain names and contractual rights to protect our intellectual property rights. The Group provides guidelines to employees on the prevention of infringement in our business. In addition, the contracts signed by the Group contain confidentiality and intellectual property rights clauses, and both parties must strictly abide by them. In certain circumstances, litigation may be necessary to protect our intellectual property. The Group will continue to monitor to ensure that its intellectual property rights are not being infringed upon. As at 31 December 2025, the Group owned 87 trademarks, 99 patents and 6 domain names in China and 2 trademarks in Hong Kong (2024: 88 trademarks, 96 patents and 6 domain names in China and 2 trademarks in Hong Kong).

During the years ended 31 December 2025 and 2024, the Group was in compliance with the applicable rules and regulations governing health and safety, advertising, labelling and privacy matters relating to works and services provided.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Data Protection and Privacy Policies

The Company stringently complies with Tort Law of the People's Republic of China and all employees are prohibited from disclosing any confidential information under the Company's confidentiality policy. Data including project-related information and other sensitive information is subject to access control to ensure its security and prevent any abuse or misuse.

Bribery, corruption and other misconduct

In addition to strict compliance with the Criminal Law of the PRC and Anti-Corruption Law of the PRC, the Group has established employee handbook according to its features and circumstances, to regulate our employees' conduct with respect to conflicts of interest, bribery, corruption and other misconduct. We provide regular training for our employees to emphasize the importance of employees' conduct and refresh their knowledge on the reporting system on employees' misconduct. Moreover, training in connection with anti-bribery rules and regulations under the PRC laws from our PRC Legal Advisers will be arranged for our Board and senior management team to enhance their awareness of the effect and consequences of bribery. An effective whistle-blowing policy is also in place to minimize the risk of fraudulent acts, criminal offences or wrongdoings occurring in the workplace and to allow our staff to report such matters in confidential manner. All reported cases will be investigated thoroughly and appropriate corrective, disciplinary or legal actions will be taken based on the findings. During the years ended 31 December 2025 and 2024, no cases of corruption, bribery and other misconduct were observed by the Group.

COMMUNITY INVOLVEMENT/CHARITABLE DONATIONS

The Group is committed to fulfilling its CSR and continues to dedicate its internal resources to charitable activities. During the year ended 31 December 2025, the Group donated a total of approximately RMB12,000 to the charities for sponsorship or in-kind sponsorship supporting voluntary services (including education and environmental concerns) for communities in need (2024: RMB0.13 million).

The Group also actively participated in community activities, such as engaging in voluntary community services, poverty alleviation and anti-epidemic activities. In 2023, the Group was awarded the title of "AAA Level of Credible Enterprise" by Zhejiang Provincial Market Supervision Administration.

FUTURE DIRECTION

The Group recognises the importance of CSR, and strives to improve its performance in this aspect going forward. As our businesses continue to expand, we will strive to promote our CSR initiatives to all operation units and communities where our businesses are located.

We will continue to work hard on various aspects to improve our performance in CSR, including:

- Continue to reinforce and comply with sustainable environmental practices;
- Continue to enhance the occupational health & safety standards; and
- Continue to ensure positive contribution to good CSR practices from the tendering stage of each project.

The Group will regularly review this CSR policy to ensure the CSR initiatives and performance address the needs of the society in this ever-changing environment.

INDEPENDENT AUDITOR'S REPORT



Ernst & Young

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To the shareholders of Jujiang Construction Group Co., Ltd.

(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of JUJIANG CONSTRUCTION GROUP COMPANY LIMITED (the "Company") and its subsidiaries (the "Group") set out on pages 72 to 156, 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 Hong Kong Standards on Auditing ("HKSA") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). 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 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.

INDEPENDENT AUDITOR'S REPORT

Key audit matter

Revenue recognition on construction contracts

During the year ended 31 December 2025, the Group recognised revenue arising from construction services of approximately RMB4,247 million. Revenue from construction services is recognised by applying an input method based on the proportion of actual costs incurred relative to the estimated total costs in fulfilling the relevant performance obligations.

The application of the input method involves the use of management's significant judgements and estimates, including estimates of total contract revenues, total contract costs, future completion costs and contract risks. Management of the Group continued to reappraise total costs according to the scope of deliveries and services required. In addition, revenue, cost of sales and gross profit realised on such contracts could vary from the Group's original estimates because of changes in conditions.

The Group's disclosures about revenue are included in notes 2.4, 3 and 5 to the consolidated financial statements.

How our audit addressed the key audit matter

Our audit procedures in relation to revenue arising from construction services included, among others, the following:

We evaluated and tested the Group's controls over the budgeting process of contract costs including the assessment of the historical accuracy of the budget for completed projects, accounting process of contract revenues and the calculation of the progress towards completion of the construction service.

We reviewed significant construction contracts on a sample basis and checked the total contract value and key contract terms.

We checked the contract costs incurred by reviewing the related documents such as documents of settlement and supplier invoices on a sample basis.

We inspected selected construction work sites and discussed the progress with construction surveyors and the managers of the projects to assess the consistency between the construction status and the related progress calculated by the input method.

We re-calculated the revenues recognised under the input method and performed analytical review procedures according to different types of construction contracts.

We assessed the adequacy of the disclosures of revenue arising from construction services made in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

Key audit matter

Provision for expected credit losses ("ECLs") on receivables and contract assets

As at 31 December 2025, trade receivables, other receivables and contract assets, in aggregate, amounted to approximately RMB4,601 million, representing 83% of total assets. The impairment of trade receivables, other receivables and contract assets was assessed based on the allowance for expected credit losses. The management of the Group determine the ECLs of trade receivables, other receivables and contract assets based on the historical collection trend, current economic and business conditions and forward-looking information. These assessments involved significant judgement from management, accordingly, we determined this as a key audit matter.

The Group's disclosures on the provision for expected credit losses on trade receivables, other receivables and contract assets are included in notes 2.4, 3, 19, 20 and 21 to the consolidated financial statements.

How our audit addressed the key audit matter

Our audit procedures in relation to ECLs of trade receivables, other receivables and contract assets included, among others, the following:

We evaluated and tested the Group's internal controls on assessing impairment of trade receivables, other receivables and contract assets.

We tested and checked the accuracy of the ageing of receivable and contract asset balances on a sample basis.

We evaluated management's judgement over the ECLs and creditworthiness of the customers by assessing, on a sample basis, the available information, such as background information of the customers, the Group's actual loss experience by examining the customers' payment records during the current year and subsequent to the end of the reporting period, as well as the historical collection records and forward-looking factors.

We checked the arithmetic accuracy of the ECLs calculated by management.

We assessed the adequacy of the disclosures of ECLs of trade receivables, other receivables and contract assets made in the consolidated financial statements.

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 identified above when it becomes available 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.

INDEPENDENT AUDITOR'S REPORT

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 HKSA's 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 HKSA's, 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.

INDEPENDENT AUDITOR'S REPORT

- 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 Lung Wai, Shun (practicing certificate number: P06860).

Certified Public Accountants

Hong Kong

30 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	5	4,336,851	6,780,685
Cost of sales	7	(4,146,943)	(6,503,164)
Gross profit		189,908	277,521
Other income and gains	5	29,013	22,113
Administrative expenses		(146,540)	(154,240)
Impairment losses on financial and contract assets, net		(60,593)	(100,380)
Impairment losses on investment properties		(4,782)	–
Other expenses		(6,394)	(4,323)
Finance costs	6	(29,262)	(30,951)
(LOSS)/PROFIT BEFORE TAX	7	(28,650)	9,740
Income tax (expense)/credit	9	(17,531)	3,991
(LOSS)/PROFIT FOR THE YEAR		(46,181)	13,731
OTHER COMPREHENSIVE INCOME			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of foreign operations		(90)	(199)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		(90)	(199)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(46,271)	13,532
(Loss)/profit attributable to:			
Owners of the parent		(57,409)	5,019
Non-controlling interests		11,228	8,712
		(46,181)	13,731
Total comprehensive (loss)/income attributable to:			
Owners of the parent		(57,424)	4,880
Non-controlling interests		11,153	8,652
		(46,271)	13,532
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (expressed in RMB per share)	11	(0.11)	0.01

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	111,970	119,823
Investment properties	13	64,278	71,281
Right-of-use assets	14	13,591	20,730
Goodwill		1,162	1,162
Other intangible assets	15	60,903	68,626
Deferred tax assets	16	86,341	99,535
Long term receivables	18	86,273	96,512
Total non-current assets		424,518	477,669
CURRENT ASSETS			
Inventories	17	19,870	25,622
Non-current assets due within one year	18	9,492	8,943
Trade and bills receivables	19	1,758,074	2,162,557
Contract assets	21	2,517,901	2,883,549
Prepayments, other receivables and other assets	20	424,428	442,850
Pledged deposits	22	125,112	129,361
Cash and cash equivalents	22	283,799	184,036
Total current assets		5,138,676	5,836,918
CURRENT LIABILITIES			
Trade and bills payables	23	2,531,039	3,274,297
Other payables and accruals	24	671,141	597,718
Interest-bearing bank and other borrowings	25	456,749	458,536
Tax payable		225,831	227,590
Total current liabilities		3,884,760	4,558,141
NET CURRENT ASSETS		1,253,916	1,278,777
TOTAL ASSETS LESS CURRENT LIABILITIES		1,678,434	1,756,446
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	25	90,705	116,636
Total non-current liabilities		90,705	116,636

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Net assets		1,587,729	1,639,810
EQUITY			
Equity attributable to owners of the parent			
Share capital	26	533,360	533,360
Reserves	27	1,013,721	1,071,145
		1,547,081	1,604,505
NON-CONTROLLING INTERESTS			
		40,648	35,305
Total equity		1,587,729	1,639,810

Lyu Yaoneng
Director

Lyu Dazhong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

Note	Attributable to owners of the parent						Total	Non-controlling interests	Total equity
	Share capital	Capital reserve*	Special reserve*	Statutory surplus reserve*	Exchange fluctuation reserve*	Retained profits*			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000			
At 31 January 2024	533,360	188,665	-	107,519	79	779,711	1,609,334	29,794	1,639,128
Profit for the year	-	-	-	-	-	5,019	5,019	8,712	13,731
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	-	-	-	-	(139)	-	(139)	(60)	(199)
Total comprehensive income for the year	-	-	-	-	(139)	5,019	4,880	8,652	13,532
Appropriation to statutory surplus reserve	-	-	-	592	-	(592)	-	-	-
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(3,141)	(3,141)
Transfer to special reserve	(i)	-	202,624	-	-	(202,624)	-	-	-
Utilisation of special reserve	(i)	-	(202,624)	-	-	202,624	-	-	-
Final 2023 dividend declared and paid	-	-	-	-	-	(9,709)	(9,709)	-	(9,709)
At 31 December 2024	533,360	188,665	-	108,111	(60)	774,429	1,604,505	35,305	1,639,810
Loss for the year	-	-	-	-	-	(57,409)	(57,409)	11,228	(46,181)
Other comprehensive loss for the year:									
Exchange differences on translation of foreign operations	-	-	-	-	(15)	-	(15)	(75)	(90)
Total comprehensive loss for the year	-	-	-	-	(15)	(57,409)	(57,424)	11,153	(46,271)
Appropriation to statutory surplus reserve	-	-	-	255	-	(255)	-	-	-
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(5,810)	(5,810)
Transfer to special reserve	(i)	-	138,128	-	-	(138,128)	-	-	-
Utilisation of special reserve	(i)	-	(138,128)	-	-	138,128	-	-	-
At 31 December 2025	533,360	188,665	-	108,366	(75)	716,765	1,547,081	40,648	1,587,729

* These reserve accounts comprise the consolidated reserves of RMB1,013,721,000 (31 December 2024: RMB1,071,145,000) in the consolidated statement of financial position.

Note:

- (i) Pursuant to the *Circular on Printing and Issuing the Management Measures on the Enterprise Production Safety Expenses Appropriation and Utilisation* (Cai Qi [2012] No.16) issued by the Ministry of Finance and the State Administration of Work Safety, the Group is required to set aside from profit after tax an amount to a safety reserve at 1.5% to 2% of the total construction contract revenue recognised. On 21 November 2022, the Ministry of Finance and the Ministry of Emergency Management of the People's Republic of China issued Cai Zi [2022] No.136 to update the safety reserve rate to 1.5% to 3%, with immediate effect on the new contracts signed thereafter. The reserve can be utilised for improvements of safety on the construction work.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		(28,650)	9,740
Adjustments for:			
Finance costs	6	29,262	30,951
Interest income	5	(8,480)	(9,349)
Exchange differences, net		102	(301)
Depreciation of items of property, plant and equipment	7	13,094	14,063
Depreciation of investment properties	7	3,481	3,356
Amortisation of other intangible assets	7	7,713	8,149
Depreciation of right-of-use assets	7	3,391	3,467
Impairment of trade receivables	7	69,454	117,335
Impairment of financial assets included in prepayments, other receivables and other assets	7	4,250	(10,803)
Impairment of contract assets	7	(13,111)	(6,152)
Impairment of investment properties		4,782	–
Fair value change through profit or loss	7	(15,582)	(7,177)
Loss on disposal of items of property, plant and equipment, net	7	42	166
Gain on disposal of items of right-of-use assets, net	7	(894)	–
		68,854	153,445
Decrease/(increase) in inventories		5,752	(1,497)
Decrease in contract assets		378,759	264,646
Decrease in long term receivables		9,690	13,965
Decrease/(increase) in trade and bills receivables		349,351	(58,585)
Decrease in prepayments, other receivables and other assets		14,172	80,755
Decrease in pledged deposits		4,249	12,283
Decrease in trade and bills payables		(743,258)	(501,376)
Increase in other payables and accruals		61,433	88,956
Cash generated from operations		149,002	52,592
Interest received		8,480	9,243
Income tax paid		(6,094)	(12,809)
Net cash flows from operating activities		151,388	49,026

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	12	(6,171)	(4,557)
Payments for acquisition of other intangible assets		–	(63)
Proceeds from disposal of items of property, plant and equipment		888	266
Proceeds from disposal of financial assets at fair value through profit or loss		–	10,760
Other interest income from financial assets at fair value through profit or loss		–	106
Net cash flows (used in)/from investing activities		(5,283)	6,512
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(29,262)	(30,951)
New bank loans		589,023	461,934
Repayment of bank loans		(610,239)	(550,212)
Dividends paid to shareholders		–	(9,709)
Dividends paid to non-controlling shareholders		(5,810)	(3,141)
Principal portion of lease payments		(1,861)	(2,078)
Repayment of loans from non-controlling interests of subsidiaries		(14,000)	(5,000)
Loans from non-controlling interests of subsidiaries		26,000	4,000
Net cash flows used in financing activities		(46,149)	(135,157)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		184,036	263,550
Effect of foreign exchange rate changes, net		(193)	105
CASH AND CASH EQUIVALENTS AT END OF YEAR		283,799	184,036
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	22	283,799	184,036
Cash and cash equivalents as stated in the statement of financial position		283,799	184,036
Cash and cash equivalents as stated in the statement of cash flows		283,799	184,036

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

1. CORPORATE AND GROUP INFORMATION

The Company, formerly known as Qitang Commune Construction Agency, was established in the People's Republic of China (the "PRC") on 25 October 1965 as a collective economy agency (集體經濟社). In July 1996, the Company was converted into a company with limited liability. The Company became a joint stock company with limited liability on 29 December 2014 and changed its name to Jujiang Construction Group Company Limited. The registered office address of the Company is No. 669 Qingfeng South Road (South), Tongxiang City, Zhejiang Province, the PRC. The Company's H shares were listed (the "Listing") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 January 2016 (the "Listing Date").

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

- Construction contracting
- Others – design, survey, consultancy and other businesses

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Zhejiang Jujiang Holdings Group Co., Ltd., which is incorporated in the PRC.

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Notes	Place and date of incorporation/ registration and business	Share capital	Percentage of equity attributable to the Company	
				Direct	Principal activities
Tongxiang City Jujiang Intelligent Building Co., Ltd. ("桐鄉市巨匠智能建築裝備有限公司")	(a),(c)	PRC/Chinese mainland May 2006	RMB20,600,000	100%	Installation, disassembly and rental of construction lifting equipment
Tongxiang City Jujiang Curtain Wall Installation Engineering Co., Ltd. ("桐鄉市巨匠建築幕牆安裝工程有限公司")	(a)	PRC/Chinese mainland March 2009	RMB5,000,000	85%	Installation of architectural walls
Jiaxing Jujiang Defence Equipment Co., Ltd. ("嘉興巨匠防護設備有限公司")	(a)	PRC/Chinese mainland April 2013	RMB15,800,000	66.5%	Manufacture of civil defence products

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Particulars of the Company's subsidiaries are as follow *(Continued)*:

Name	Notes	Place and date of incorporation/ registration and business	Share capital	Percentage of equity attributable to the Company	
				Direct	Principal activities
Tongxiang City Youth Quality Education Practice Base Co., Ltd. (“桐鄉市青少年素質教育實踐基地有限責任公司”)	(a)	PRC/Chinese mainland November 2015	RMB60,000,000	80%	Building and operation of a quality education practice base for youth
Zhejiang Yunjiang Digital Construction Technology Research Institute Co., Ltd. (“浙江雲匠數字建造技術研究院有限公司”)	(a)	PRC/Chinese mainland June 2020	RMB10,000,000	100%	Technology consulting
Henan Jujiang Construction Engineering Co., Ltd. (“河南巨匠建築工程有限公司”)	(a)	PRC/Chinese mainland March 2020	RMB40,000,000	90%	Construction contracting
Tongxiang City Jujiang Vocational Training School Co., Ltd. (“桐鄉市巨匠職業技能培訓學校有限公司”)	(a)	PRC/Chinese mainland May 2021	RMB2,000,000	100%	Vocational training
Tongxiang City Jucai Technology Co., Ltd. (“桐鄉市巨材科技有限公司”)	(a),(d)	PRC/Chinese mainland October 2022	RMB50,000,000	90%	Sales, research and development of building materials
KSO Jujiang-Victory Co., Ltd. (“巨匠勝利聯合體有限公司”)	(b),(e)	The Republic of Indonesia June 2022	–	70%	Construction contracting
Yiwu Construction Investment Jujiang Construction Co., Ltd. (“義烏建投巨匠建設有限公司”)	(a),(f)	PRC/Chinese mainland May 2023	RMB100,000,000	51%	Construction contracting

The English names of the companies registered in the PRC represent the best efforts of the management of the Company in directly translating the Chinese names of the companies as no English names have been registered.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Particulars of the Company's subsidiaries are as follow *(Continued)*:

Notes:

- (a) Registered as limited liability companies under PRC law.
- (b) Registered as a limited liability company under the law of Indonesia.
- (c) On 13 June 2022, the Company renamed Tongxiang City Jujiang Lifting Equipment Installation Co., Ltd. to Tongxiang City Jujiang Intelligent Building Co., Ltd.
- (d) On 27 October 2022, the Company established Tongxiang City Jucai Technology Co., Ltd. ("Jucai"). The registered capital of Jucai was RMB50,000,000, which was 90% owned by the Company.
- (e) On 17 June 2022, the Company established KSO Jujiang-Victory Co., Ltd. ("KSO"), which was 70% owned by the Company.
- (f) On 6 May 2023, the Company established Yiwu Construction Investment Jujiang Construction Co., Ltd. ("Yiwu Jujiang"). The registered capital of Yiwu Jujiang was RMB100,000,000, which was 51% owned by the Company.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These 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 International Accounting Standards Board (“**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for bills receivable and which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries 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 subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES *(Continued)*

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation (Continued)

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.

2.2 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 currencies of overseas subsidiaries for translation into the Group's presentation currency 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	<i>Presentation and Disclosure in Financial Statements</i> ²
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> ²
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ¹
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> ²
<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES *(Continued)*

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS *(Continued)*

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

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. IFRS 19 was 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. Some of the Company's subsidiaries are considering the application of IFRS 19 and its amendments in their specified financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES *(Continued)*

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS *(Continued)*

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

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

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

IFRS 7 Financial Instruments: Disclosures: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group’s financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

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 IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IAS 7 Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill (Continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its bills receivable at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- | | |
|---------|---|
| Level 1 | – based on quoted prices (unadjusted) in active markets for identical assets or liabilities |
| Level 2 | – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly |
| Level 3 | – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable |

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Fair value measurement (Continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, investment properties and non-current 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.

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 is 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

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:

Categories

Buildings	1.90% to 4.75%
Plant and machinery	4.85% to 19.00%
Leasehold improvements	18.33% to 20.00%
Office equipment and others	19.00% to 31.67%
Motor vehicles	11.88% to 23.75%

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 method 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Investment properties

Investment properties are interests in buildings held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties are stated at historical cost less depreciation and impairment losses, if any.

Depreciation is calculated using a straight-line method write off the cost less accumulated loss of the asset over its estimated useful life. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Purchased computer software licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 2 to 10 years.

Concession

The Group is engaged in a certain service concession arrangement in which the Group carries out construction work in exchange a right to operate the asset concerned in accordance with IFRIC Interpretation 12 *Service Concession Arrangements* (IFRIC 12), the asset under the concession arrangement may be classified as an intangible asset or a financial asset.

The asset is classified as an intangible if the operator receives a right (a licence) to charge users of the public service or as a financial asset if the operator has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. The Group classifies the non-current assets linked to the long-term investment in the concession arrangement as a "concession intangible asset" within intangible assets on the statement of financial position if the intangible asset model is adopted. Such concession assets represent the consideration received for its construction service rendered.

Once the underlying infrastructure of the concession arrangement is completed, the concession intangible asset is amortised over the term of the concession using straight-line method under the intangible asset model.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Research and development costs

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

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 lease liabilities to make lease payments and 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	40 to 50 years
Buildings	2 to 10 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.

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Group as a lessee (Continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest-bearing bank and other borrowings.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of property and equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption to leases of underlying assets with value, when new, below RMB40,000.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as 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 term 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Group as lessor (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and bills receivable which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in profit or loss when the right of payment has been established.

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.

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 the Group's 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

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 1 year 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.

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

Debt investments at fair value through other comprehensive income and 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 receivables and contract assets 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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Simplified approach

For trade receivables and contract assets 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.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, 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 and bills payables and other payables and accruals, and interest-bearing bank and other borrowings.

The Group classifies financial liabilities that arise from a supplier finance arrangement within trade and bills payables in the statement of financial position if they have a similar nature and function to trade payables. This is the case if the supplier finance arrangement is part of the working capital used in the Group's normal operating cycle, the level of security provided is similar to trade payables and the terms of the liabilities that are part of the supply chain finance arrangement are not substantially different from the terms of trade payables that are not part of the arrangement. Cash flows related to liabilities arising from supplier finance arrangements that are classified in trade and bills payables in the statement of financial position are included in operating activities in the statement of cash flows.

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 bank 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

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 first-in, first-out basis and in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

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 for the current and prior periods 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 the 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 investments in subsidiaries, associates and joint ventures, 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 investments in subsidiaries, associates and joint ventures, 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

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.

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)

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Construction services

Revenue from the provision of construction services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

Claims to customers are amounts that the Group seeks to collect from the customers as reimbursement of costs and margins for scope of works not included in the original construction contract. Claims are accounted for as variable consideration 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. The Group uses the expected value method to estimate the amounts of claims because this method best predicts the amount of variable consideration to which the Group will be entitled.

(b) Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the industrial products.

(c) Provision of design and other services

Revenue from the provision of design is recognised at the point in time when control of the design drawing is transferred to the customer, since the Group can only have the rights to collect payment after deliver the asset.

Revenue from the provision of other services is recognised over time, using an input method to measure progress toward satisfaction of the service, because the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to collect payment for performance completed to date; or at a point upon the completion of services.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition (Continued)

(d) Principal versus agent

The Group determines whether it is a principal or an agent in the transactions by evaluating whether it controls each specified good or service before that good or service is transferred to the customer. The Group is a principal and recognises revenue in the gross amount of consideration received or receivable if it controls the specified good or service before that good or service is transferred to a customer. Otherwise, the Group is an agent and recognises revenue in the amount of any fee or commission to which it expects to be entitled. The fee or commission is the net amount of consideration that the Group retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party, or is determined by certain agreed amounts or proportions.

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 assets

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

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 goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

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.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate of 4.41% has been applied to the expenditure on the individual assets.

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.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Employee benefits

Social pension plans

The Group has social pension plans for its employees arranged by local government labour and security authorities. The Group makes contributions on a monthly basis to the social pension plans. The contributions are charged to profit or loss as they become payable in accordance with the rules of the social pension plans. The Group's liability in respect of these funds is limited to the contributions payable in each period.

Housing fund and other social insurances

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 a 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 each period.

Apart from those described above, the Group does not have any other legal or constructive obligations over employee benefits.

Production safety expenses

The Group accrues for production safety expenses pursuant to the Circular on Printing and Issuing the Management Measures on the Enterprise Production Safety Expenses Appropriation and Utilisation (Cai Qi [2012] No.16), issued by the Ministry of Finance and the State Administration of Work Safety for the period of 1 January 2022 to 21 November 2022. On 21 November 2022, the Ministry of Finance and the Ministry of Emergency Management of the People's Republic of China issued Cai Zi [2022] No.136. to update the safety reserve rate to 1.5% – 3%, with immediate effect on the new contracts signed afterwards.

Production safety expenses accrued based on the aforesaid regulations shall be recorded in the costs of related products or expenses in profit or loss for the current period, and provided for as a fund in the special reserve. When the expenditures are utilised as expenses, they should be recognised in profit or loss and offset against the special reserve; when the expenditures incurred relate to fixed assets, they shall be recognised in the cost of fixed assets, which will be recognised when they are ready for use. The same amount as the expenditure will be offset against the special reserve and recorded as accumulated depreciation equivalent at the same time. The remaining provisions would not be recorded in the consolidated statements of profit or loss while the Group decreases its retained profits when it recognises the special reserve – safety fund.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES *(Continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

Foreign currencies

These 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. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiary are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiary which arises throughout the year are translated into RMB at the weighted average exchange rates for the year.

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.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

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

Judgements *(Continued)*

Measurement of progress toward complete satisfaction of construction services (Continued)

The Group uses the input method to measure the progress toward satisfaction of the performance obligations, and specifically, the proportion of actual construction costs incurred relative to the estimated total costs. Actual construction costs incurred include direct and indirect costs in the process of transferring goods from the Group to customers. The Group believes that the contract price is based on construction costs. Therefore, the proportion of actual construction costs incurred relative to the total expected costs can reflect the progress toward satisfaction of construction service. Since the duration of construction is relatively long that it may cover more than one accounting period, the Group will review and revise the budget as the contract carries forward, and adjust revenue accordingly.

Business model

The classification of financial assets upon initial recognition depends on the business model of the Group for managing financial assets. In judging the business model, the Group considers enterprise evaluation, the way of reporting the performance of financial assets to key management personnel, risks affecting the performance of financial assets and their management methods, as well as the way in which relevant business management personnel are paid, etc. In assessing whether to collect the contractual cash flows as the target, the Group needs to analyse and judge the reason, timing, frequency and amounts of the sale of financial assets before the maturity date.

Contractual cash flow characteristics

The classification of financial assets upon initial recognition depends on the contractual cash flow characteristics of financial assets. It is necessary to judge whether the contractual terms only give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, whether there are significant differences compared with the benchmark cash flow when evaluating the correction of the time value of money, and whether the fair value of the prepayment feature is insignificant for financial assets that include prepayment feature, etc.

Determining whether an arrangement contains a lease

The Group has entered into general equipment lease arrangements in some construction projects. According to these lease arrangements, there is no identified asset or the supplier has substantive substitution rights for the general equipment. Thus, these general equipment lease arrangements do not contain a lease, the Group takes them as service acceptance.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses 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 the level of future taxable profits, together with future tax planning strategies.

The Group has tax losses of RMB3,333,000 (2024: RMB7,093,000) carried forward. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

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

Judgements *(Continued)*

Deferred tax assets (Continued)

If the Group had been able to recognise all unrecognised deferred tax assets, the profit and equity would have increased by RMB833,250. Further details on deferred taxes are disclosed in note 16 to the financial statements.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the 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.

Progress of completion of construction and service works

Revenue recognition on a project is dependent on management's estimation of the total outcome of the construction contracts and is recognised using the input method, measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract. The Group reviews and revises the estimates of contract revenue, contract costs and variation orders, prepared for each construction contract as the contract progresses. Budgeted construction costs are prepared by management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of management. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the management budgets by comparing the budgeted amounts to the actual amounts incurred.

Estimation of total budgeted costs and cost to completion for construction contracting and contracts for services

Total budgeted costs for construction contracting and contracts for services comprise (i) direct material costs and direct labour, (ii) costs of subcontracting, and (iii) an appropriation of variable and fixed construction and service overheads. In estimating the total budgeted costs for construction contracting and contracts for services, management refers to information such as (i) current offers from subcontractors and suppliers, (ii) recent offers agreed with subcontractors and suppliers, and (iii) professional estimation on material costs, labour costs and other costs.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

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

Estimation uncertainty *(Continued)*

Provision for expected credit losses on trade receivables, other receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables, other receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

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 in the construction sector, 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 receivables, other receivables and contract assets is disclosed in note 19, note 20 and note 21 to the financial statements, respectively.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has two reportable operating segments as follows:

- (a) Construction contracting – provision of construction services;
- (b) Others – provision of design, surveying, training and consulting services relating to construction contracting in architecture and sale of civil defence products.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is measured consistently with the Group's profit before tax.

Segment assets and segment liabilities include all assets and liabilities in the consolidated statement of financial position.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

For the year ended 31 December 2025

	Construction contracting RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue (note 5)				
Sales to external customers	4,247,228	89,623	–	4,336,851
Intersegment sales	–	18,014	(18,014)	–
Total segment revenue	4,247,228	107,637	(18,014)	4,336,851
(Loss)/profit before tax	(25,635)	9,153	(12,168)	(28,650)
Income tax expense	(16,180)	(1,351)	–	(17,531)
Segment results	(41,815)	7,802	(12,168)	(46,181)
Segment assets	5,591,248	332,337	(360,391)	5,563,194
Segment liabilities	4,050,806	194,201	(269,542)	3,975,465
Other segment information:				
Interest income	275	8,205	–	8,480
Finance costs	20,737	8,525	–	29,262
Depreciation	13,901	6,065	–	19,966
Amortisation	407	7,306	–	7,713
Impairment losses on financial and contract assets, net	58,848	1,745	–	60,593
Capital expenditure*	5,200	961	–	6,161

* Capital expenditure consists of additions to property, plant and equipment and other intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

4. OPERATING SEGMENT INFORMATION *(Continued)*

For the year ended 31 December 2024

	Construction contracting RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue (note 5)				
Sales to external customers	6,697,394	83,291	–	6,780,685
Intersegment sales	–	20,017	(20,017)	–
Total segment revenue	6,697,394	103,308	(20,017)	6,780,685
Profit/(loss) before tax	17,474	(1,283)	(6,451)	9,740
Income tax (expense)/credit	4,728	(737)	–	3,991
Segment results	22,202	(2,020)	(6,451)	13,731
Segment assets	6,257,452	344,002	(286,867)	6,314,587
Segment liabilities	4,666,842	203,850	(195,915)	4,674,777
Other segment information:				
Interest income	1,016	8,333	–	9,349
Finance costs	22,011	8,940	–	30,951
Depreciation	14,214	6,672	–	20,886
Amortisation	471	7,678	–	8,149
Impairment losses on financial and contract assets, net	100,270	110	–	100,380
Capital expenditure*	2,890	1,727	–	4,617

* Capital expenditure consists of additions to property, plant and equipment and other intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

4. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(a) *Revenue from external customers*

	2025	2024
	RMB'000	RMB'000
Chinese mainland	4,278,545	6,688,909
Indonesia	58,306	91,776
Total revenue	4,336,851	6,780,685

The revenue information above is based on the locations of the customers.

(b) *Non-current assets*

All the Group's non-current assets were located in the Chinese mainland. Accordingly, no analysis by geographical area is presented.

Information about major customers

Revenue of approximately RMB813,613,000 (2024: RMB1,008,552,000) for the year was derived from the construction contracting segment to a single customer, including sales to a group of entities which are known to be under common control with that customer.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers	4,336,851	6,780,685

Revenue from contracts with customers

(i) *Disaggregated revenue information*

For the year ended 31 December 2025

Segments	Construction contracting RMB'000	Others RMB'000	Total RMB'000
Types of goods or services			
Construction contracting	4,247,228	–	4,247,228
Design, survey and consultancy	–	51,237	51,237
Sale of construction materials and civil defence products	–	38,386	38,386
Total	4,247,228	89,623	4,336,851
Geographical markets			
Chinese mainland	4,188,922	89,623	4,278,545
Indonesia	58,306	–	58,306
Total	4,247,228	89,623	4,336,851
Timing of revenue recognition			
Services transferred over time	4,247,228	30,333	4,277,561
Goods and services transferred at a point in time	–	59,290	59,290
Total	4,247,228	89,623	4,336,851

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

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

Revenue from contracts with customers *(Continued)*

(i) Disaggregated revenue information (Continued)

For the year ended 31 December 2024

Segments	Construction contracting RMB'000	Others RMB'000	Total RMB'000
Types of goods or services			
Construction contracting	6,697,394	–	6,697,394
Design, survey and consultancy	–	41,672	41,672
Sale of construction materials and civil defence products	–	41,619	41,619
Total	6,697,394	83,291	6,780,685
Geographical markets			
Chinese mainland	6,605,618	83,291	6,688,909
Indonesia	91,776	–	91,776
Total	6,697,394	83,291	6,780,685
Timing of revenue recognition			
Services transferred over time	6,697,394	29,341	6,726,735
Goods and services transferred at a point in time	–	53,950	53,950
Total	6,697,394	83,291	6,780,685

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

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

Revenue from contracts with customers *(Continued)*

(i) Disaggregated revenue information (Continued)

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the year ended 31 December 2025

Segments	Construction contracting RMB'000	Others RMB'000	Total RMB'000
Revenue from contracts with customers			
Sales to external customers	4,247,228	89,623	4,336,851
Intersegment sales	–	18,014	18,014
Subtotal	4,247,228	107,637	4,354,865
Intersegment adjustments and eliminations	–	(18,014)	(18,014)
Total	4,247,228	89,623	4,336,851

For the year ended 31 December 2024

Segments	Construction contracting RMB'000	Others RMB'000	Total RMB'000
Revenue from contracts with customers			
Sales to external customers	6,697,394	83,291	6,780,685
Intersegment sales	–	20,017	20,017
Subtotal	6,697,394	103,308	6,800,702
Intersegment adjustments and eliminations	–	(20,017)	(20,017)
Total	6,697,394	83,291	6,780,685

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

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

Revenue from contracts with customers *(Continued)*

(i) Disaggregated revenue information (Continued)

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
Construction services	63,150	77,494
Sale of goods	26,162	31,639
Design, survey and consultancy	5,193	12,348
Total	94,505	121,481

(ii) Performance obligations

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

Construction contracting

The performance obligation is satisfied over time as construction services are rendered and payment is generally due within 1 to 3 months from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

Design, survey and consultancy

The performance obligation is satisfied over time as services are rendered or at the point upon completion of services. The payment is generally due within 1 to 3 months from the date of billing. A deposit is received upon signing such contract and the remainder of the contract value in instalment payments is due upon achieving key milestones stipulated in the contract. In some cases, a certain percentage of payment is retained by the customer until after final acceptance of the construction project to which the Group provides design, survey and consultancy services, with the retention period ranging one to three years.

Sale of construction materials and civil defence products

The performance obligation is satisfied upon delivery of the construction materials and civil defence products and payment is generally due within 1 to 3 months from delivery.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2025 RMB'000	2024 RMB'000
Total remaining performance obligations	16,151,406	16,683,978

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

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

Revenue from contracts with customers *(Continued)*

(ii) Performance obligations (Continued)

Based on the information available to the Group at the end of the reporting period, the management of the Company expects the transaction prices allocated to the contracts for projects under construction as at 31 December 2025 amounting to RMB12,537,640,000 will be recognised as revenue in the next six months to three years.

The transaction prices allocated to the contracts which are signed but have not yet commenced as at 31 December 2025 totalling to RMB3,613,766,000 are expected to be recognised as revenue in six months to three years once the construction permits are obtained by the customers. The amounts disclosed above do not include variable consideration which is constrained.

	2025 RMB'000	2024 RMB'000
Other income		
Interest income	8,480	9,243
Government grants*	2,354	4,371
Gross rental income from investment property operating leases	883	619
Other interest income from financial assets at fair value through profit or loss	-	106
Total other income	11,717	14,339
Gains		
Fair value gains, net:		
Financial assets at fair value through profit or loss	15,582	7,177
Others	1,714	597
Total other income and gains	29,013	22,113

* Government grants primarily consisted of the incentive fund received from the Bureau of Housing and Urban-Rural Development to support construction services.

6. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest on bank loans and other borrowings	28,920	30,165
Interest on lease liabilities	342	786
Total	29,262	30,951

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

7. (LOSS)/PROFIT BEFORE TAX

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

	Notes	2025 RMB'000	2024 RMB'000
Cost of construction contracting (including depreciation and research and development costs)		4,101,158	6,460,989
Cost of others		45,785	42,175
Total cost of sales		4,146,943	6,503,164
Depreciation of items of property, plant and equipment	12	13,094	14,063
Depreciation of investment properties	13	3,481	3,356
Depreciation of right-of-use assets	14	3,391	3,467
Amortisation of other intangible assets	15	7,713	8,149
Total depreciation and amortisation		27,679	29,035
Research and development costs: Current year expenditure		212,731	213,451
Impairment of financial and contract assets, net:			
Impairment of trade receivables	19	69,454	117,335
Impairment of financial assets included in prepayments, other receivables and other assets	20	4,250	(10,803)
Impairment of contract assets	21	(13,111)	(6,152)
Total impairment losses, net		60,593	100,380
Lease payments not included in the measurement of lease liabilities	14	521	293
Auditor's remuneration		2,124	2,259
Employee benefit expenses (including directors' and supervisors' remuneration) (note (a)):			
Wages, salaries and allowances		69,220	70,147
Social insurance		14,668	14,889
Welfare and other expenses		2,368	3,240
Total		86,256	88,276
Interest income	5	(8,480)	(9,349)
Loss on disposal of items of property, plant and equipment, net		42	166
Gain on disposal of items of right-of-use assets, net		(894)	–
Fair value gains, net: bills receivable		(15,582)	(7,177)
Foreign exchange differences, net		–	59

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

7. (LOSS)/PROFIT BEFORE TAX *(Continued)*

- (a) Employee benefit expenses of approximately RMB86,256,000 (2024: RMB88,276,000) are included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025.

8. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors' and supervisors' remuneration

Directors' and chief executive's 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	2024
	RMB'000	RMB'000
Fees	273	187
Other emoluments:		
– Salaries, allowances and benefits in kind	1,888	1,933
– Performance-related bonuses	647	839
– Pension schemes	56	28
Subtotal	2,591	2,800
Total	2,864	2,987

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

8. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (Continued)

(a) Directors' and supervisors' remuneration (Continued)

The names of the directors and supervisors and their remuneration for the reporting period are as follows:

Year ended 31 December 2025

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension schemes RMB'000	Total remuneration RMB'000
Executive directors					
Mr. Lyu Yaoneng (呂耀能)	-	344	160	-	504
Mr. Lyu Dazhong (呂達忠)	-	221	120	-	341
Mr. Zheng Gang (鄭剛)	-	264	70	10	344
Mr. Li Jinyan (李錦燕)	-	247	108	10	365
Mr. Shen Haiquan (沈海泉)	-	241	-	8	249
Mr. Lu Zhicheng (陸志城)	-	61	-	8	69
Subtotal	-	1,378	458	36	1,872
Independent non-executive directors					
Mr. Ma Tao (馬濤)	81	-	-	-	81
Ms. Lam Fei Sui (林菲萃)	81	-	-	-	81
Mr. Wang Xinglong (汪興龍)	111	-	-	-	111
Subtotal	273	-	-	-	273
Supervisors					
Mr. Lyu Xingliang (呂興良)	-	194	120	10	324
Mr. Zou Jiangtao (鄒江滔)	-	194	69	10	273
Mr. Chen Xiangjiang (陳祥江)	-	61	-	-	61
Mr. Zhu Jialian (朱家煉)	-	61	-	-	61
Subtotal	-	510	189	20	719
Total	273	1,888	647	56	2,864

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

8. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (Continued)

(a) Directors' and supervisors' remuneration (Continued)

Year ended 31 December 2024

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension schemes RMB'000	Total remuneration RMB'000
Executive directors					
Mr. Lyu Yaoneng (呂耀能)	–	366	350	–	716
Mr. Lyu Dazhong (呂達忠)	–	244	150	–	394
Mr. Zheng Gang (鄭剛)	–	283	71	5	359
Mr. Li Jinyan (李錦燕)	–	220	80	5	305
Mr. Shen Haiquan (沈海泉)	–	241	–	4	245
Mr. Lu Zhicheng (陸志城)	–	61	–	4	65
Subtotal	–	1,415	651	18	2,084
Independent non-executive directors					
Mr. Ma Tao (馬濤)	81	–	–	–	81
Ms. Lam Fei Sui (林菲萃)	59	–	–	–	59
Mr. Wang Xinglong (汪興龍)	47	–	–	–	47
Subtotal	187	–	–	–	187
Supervisors					
Mr. Lyu Xingliang (呂興良)	–	206	150	5	361
Mr. Zou Jiangtao (鄒江滔)	–	190	38	5	233
Mr. Chen Xiangjiang (陳祥江)	–	61	–	–	61
Mr. Zhu Jialian (朱家煉)	–	61	–	–	61
Subtotal	–	518	188	10	716
Total	187	1,933	839	28	2,987

There were no housing allowances for directors and supervisors during the years ended 31 December 2025 and 2024.

During the reporting period, there were no arrangements under which a director or a supervisor waived or agreed to waive any emoluments. In addition, no emoluments were paid by the Group to the directors and supervisors as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

8. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

(b) Five highest paid employees

An analysis of the headcounts of the five highest paid employees within the Group for the reporting period is as follows:

	2025	2024
Directors	1	2
Non-director and non-supervisor employees	4	3
Total	5	5

Details of the directors' and supervisors' remuneration are set out above.

Details of the remuneration of the above non-director and non-supervisor, highest paid employees are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	1,177	767
Performance related bonuses	407	520
Pension schemes	20	20
Total	1,604	1,307

The number of non-director and non-supervisor, highest paid employees whose remuneration fell within the following band is as follows:

	2025	2024
Nil to HK\$1,000,000	4	3

There were no inducement payment or compensation to directors for joining the company or losing their office, respectively, during the years ended 31 December 2025 and 2024.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

9. INCOME TAX EXPENSE

Most of the companies of the Group are subject to PRC Corporation Income Tax Law, which have been provided based on the statutory rate of 25% (2024: 25%) of the assessable profits of each of these companies during the year as determined in accordance with the relevant PRC income tax rules and regulations, except for certain PRC entities of the Group which were taxed at 15%. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2025	2024
	RMB'000	RMB'000
Current income tax – Chinese mainland		
Charge for the year	2,504	5,869
Underprovision in prior years	687	348
Current – Elsewhere	1,146	2,636
Deferred income tax	13,194	(12,844)
Total	17,531	(3,991)

A reconciliation of the income tax credit applicable to profit before tax at the statutory income tax rate to the income tax expense at the Group's effective income tax rate for the reporting period is as follows:

	2025	2024
	RMB'000	RMB'000
(Loss)/profit before tax	(28,650)	9,740
Income tax charge at the statutory income tax rate	(7,163)	2,435
Lower tax rate enacted by local authority	4,936	(288)
Effect on opening deferred tax of change in rates	–	(587)
Adjustments in respect of current tax of previous periods	687	348
Income not subject to tax	(11)	(46)
Expenses not deductible for tax purposes	1,488	812
Additional tax concession on research and development costs	(6,276)	(6,665)
Unrecognized deductible temporary tax differences	23,870	–
Tax expense/(credit) for the year at the effective rate	17,531	(3,991)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

10. DIVIDENDS

	2025 RMB'000	2024 RMB'000
Proposed final dividend		
– Nil (2024: Nil) per ordinary share	–	–

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025.

11. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares outstanding during the year ended 31 December 2025.

No adjustment has been made to the basic (loss)/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 the years ended 31 December 2025 and 2024.

The following reflects the income and share data used in the basic (loss)/earnings per share computation:

	2025 RMB'000	2024 RMB'000
(Loss)/earnings:		
(Loss)/profit for the period attributable to ordinary equity holders of the parent, used in the basic (loss)/earnings per share calculation	(57,409)	5,019

	2025 '000	2024 '000
Number of shares:		
Weighted average number of ordinary shares outstanding during the period, used in the basic (loss)/earnings per share calculation	533,360	533,360

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31 December 2025

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Office equipment and others RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2025							
At 31 December 2024 and at 1 January 2025:							
Cost	117,261	60,839	16,509	24,493	263	7,565	226,930
Accumulated depreciation	(36,694)	(35,110)	(12,964)	(19,481)	-	(2,858)	(107,107)
Net carrying amount	80,567	25,729	3,545	5,012	263	4,707	119,823
At 1 January 2025, net of accumulated depreciation	80,567	25,729	3,545	5,012	263	4,707	119,823
Additions	2,131	481	594	670	2,196	99	6,171
Disposals	(724)	(8)	(198)	-	-	-	(930)
Depreciation provided during the year	(3,281)	(5,532)	(1,726)	(1,648)	-	(907)	(13,094)
At 31 December 2025, net of accumulated depreciation	78,693	20,670	2,215	4,034	2,459	3,899	111,970
At 31 December 2025:							
Cost	118,665	59,619	16,367	25,163	2,459	7,664	229,937
Accumulated depreciation	(39,972)	(38,949)	(14,152)	(21,129)	-	(3,765)	(117,967)
Net carrying amount	78,693	20,670	2,215	4,034	2,459	3,899	111,970

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

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

	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Office equipment and others RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2024							
At 31 December 2023 and at 1 January 2024:							
Cost	117,217	58,921	16,509	23,620	106	7,565	223,938
Accumulated depreciation	(33,252)	(30,261)	(11,108)	(17,656)	–	(1,900)	(94,177)
Net carrying amount	83,965	28,660	5,401	5,964	106	5,665	129,761
At 1 January 2024, net of accumulated depreciation	83,965	28,660	5,401	5,964	106	5,665	129,761
Additions	44	3,483	–	873	157	–	4,557
Disposals	–	(432)	–	–	–	–	(432)
Depreciation provided during the year	(3,442)	(5,982)	(1,856)	(1,825)	–	(958)	(14,063)
At 31 December 2024, net of accumulated depreciation	80,567	25,729	3,545	5,012	263	4,707	119,823
At 31 December 2024:							
Cost	117,261	60,839	16,509	24,493	263	7,565	226,930
Accumulated depreciation	(36,694)	(35,110)	(12,964)	(19,481)	–	(2,858)	(107,107)
Net carrying amount	80,567	25,729	3,545	5,012	263	4,707	119,823

Certain of the Group's buildings with a net carrying amount of approximately RMB77,423,000 (2024: RMB79,675,000) as at 31 December 2025 were pledged to secure general banking facilities granted to the Group (note 25).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

13. INVESTMENT PROPERTIES

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	71,281	71,108
Additions	1,260	4,588
Disposals	–	(1,059)
Impairment	(4,782)	–
Depreciation provided during the year	(3,481)	(3,356)
Carrying amount at 31 December	64,278	71,281

The Group's investment properties consist of ten (2024: nine) commercial properties in Chinese mainland and are stated at cost less depreciation and any impairment losses.

As at 31 December 2025, the investment properties were valued by the discounted cash flow method and the market approach with reference to comparable market transactions. The fair value of these properties was RMB67,254,000, which falls into the category of fair value measurements using significant observable inputs (Level 2) including comparable prices in the market.

Certain of the Group's buildings with a net carrying amount of approximately RMB51,038,000 (2024: RMB53,827,000) as at 31 December 2025 were pledged to secure general banking facilities granted to the Group (note 25).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

14. LEASES

The Group as a lessee

The Group has lease contracts for items of leasehold land and a building used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 40 to 50 years and no ongoing payments will be made under the terms of the land lease. The lease term of the building is 10 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

	Leasehold land RMB'000	Buildings RMB'000	Total RMB'000
As at 1 January 2024	7,540	16,961	24,501
Depreciation charge	(291)	(3,176)	(3,467)
Revision of a lease term arising from a change in the period of a lease	–	(304)	(304)
As at 31 December 2024 and 1 January 2025	7,249	13,481	20,730
Depreciation charge	(291)	(3,100)	(3,391)
Revision of a lease term arising from a change in the period of a lease	–	(3,748)	(3,748)
As at 31 December 2025	6,958	6,633	13,591

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

14. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(b) Lease liabilities

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the year are as follows:

	2025	2024
	RMB'000	RMB'000
Carrying amount at 1 January	14,995	17,377
Accretion of interest recognised during the year	342	786
Payments (note 28)	(2,202)	(2,864)
Revision of a lease term arising from a change in the period of a lease	(4,642)	(304)
Carrying amount at 31 December	8,493	14,995
Analysed into:		
Current portion	3,771	3,411
Non-current portion	4,722	11,584

The maturity analysis of lease liabilities is disclosed in note 34 to the financial statements.

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

	2025	2024
	RMB'000	RMB'000
Interest on lease liabilities	342	786
Depreciation charge of right-of-use assets	3,391	3,467
Expense relating to short-term leases	521	293
Total amount recognised in profit or loss	4,254	4,546

(d) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 28(c) and 30 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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15. OTHER INTANGIBLE ASSETS

	Software RMB'000	Concession asset RMB'000	Total RMB'000
31 December 2025			
Cost at 1 January 2025, net of accumulated amortisation	2,007	66,619	68,626
Reversal	–	(10)	(10)
Amortisation provided during the year (note 7)	(445)	(7,268)	(7,713)
At 31 December 2025	1,562	59,341	60,903
At 31 December 2024			
Cost	7,513	95,903	103,416
Accumulated amortisation	(5,951)	(36,562)	(42,513)
Net carrying amount	1,562	59,341	60,903
	Software RMB'000	Concession asset RMB'000	Total RMB'000
31 December 2024			
Cost at 1 January 2024, net of accumulated amortisation	2,454	77,696	80,150
Additions	60	–	60
Reversal	–	(3,435)	(3,435)
Amortisation provided during the year (note 7)	(507)	(7,642)	(8,149)
At 31 December 2024	2,007	66,619	68,626
At 31 December 2023			
Cost	7,513	95,913	103,426
Accumulated amortisation	(5,506)	(29,294)	(34,800)
Net carrying amount	2,007	66,619	68,626

The concession asset represents an asset under a "Build-Operate-Transfer" service concession arrangement in the Chinese mainland. The construction of the related concession project was completed on 28 February 2021.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

16. DEFERRED TAX

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

	2025 RMB'000	2024 RMB'000
Deferred tax assets:		
At beginning of the year	99,535	86,691
Deferred tax credited to profit or loss during the year (note 9)	(13,194)	12,844
At end of the year	86,341	99,535

The deferred tax assets are attributed to the following items:

	2025 RMB'000	2024 RMB'000
Deferred tax assets:		
Impairment of financial and contract assets	71,629	80,769
Fair value adjustments of bills receivable	14,404	16,741
Lease liabilities	649	768
Accrued but not paid salaries, wages and benefits	264	672
Accumulated losses	–	1,285
Others	103	109
Total	87,049	100,344

	2025 RMB'000	2024 RMB'000
Deferred tax liabilities:		
Right-of-use assets	708	809

The Group has deductible temporary differences of RMB159,091,000 (2024: Nil) and tax losses arising in Chinese Mainland of RMB3,333,000 (2024: RMB7,093,000) that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of above items as it is not considered probable that taxable profits will be available against which these items can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

17. INVENTORIES

	2025	2024
	RMB'000	RMB'000
Raw materials	11,919	14,458
Goods in progress	5,601	5,721
Finished goods	2,327	5,383
Spare parts and consumables	23	60
Total	19,870	25,622

18. LONG-TERM RECEIVABLES

The Group's long-term receivables are mainly for the provision of "Build-Operate-Transfer", which aimed at providing place for quality-oriented education to adolescents. The amounts for the concession projects will be settled in instalments by March 2034.

	2025	2024
	RMB'000	RMB'000
Carrying amount at 31 December	95,765	105,455
Analysed into:		
Current portion	9,492	8,943
Non-current portion	86,273	96,512

The ageing of long-term receivables shall be calculated since the date when the budget needed for the completion of a concession project is settled. The management of the Group considers that the bad debt provision of long-term receivables for lifetime expected credit losses as of 31 December 2025 was minimal.

NOTES TO THE FINANCIAL STATEMENTS

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19. TRADE AND BILLS RECEIVABLES

	2025	2024
	RMB'000	RMB'000
Trade receivables at amortised cost	1,809,830	2,210,219
Provision for impairment	(409,968)	(340,514)
Trade receivables, net	1,399,862	1,869,705
Bills receivable at fair value	358,212	292,852
Total	1,758,074	2,162,557

The majority of the Group's revenue are generated through construction services, and the settlements are made in accordance with the terms specified in the contracts governing the relevant transactions. The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period offered by the Group is one to three months. 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. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

As at 31 December 2025, the Group did not pledge any trade receivables to secure the Group's bank loans (2024: Nil) (note 25).

At the end of the reporting period, the amounts of retentions held by customers for contract works included in trade receivables for the Group are as follows:

	2025	2024
	RMB'000	RMB'000
Retentions in trade receivables	190,815	173,304
Provision for impairment	(63,090)	(44,234)
Retentions in trade receivables, net	127,725	129,070

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

19. TRADE AND BILLS RECEIVABLES *(Continued)*

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

	2025	2024
	RMB'000	RMB'000
Within 3 months	433,483	443,781
3 months to 6 months	211,027	225,683
6 months to 1 year	98,636	549,330
1 to 2 years	337,048	404,268
2 to 3 years	224,008	169,253
3 to 4 years	67,736	67,287
4 to 5 years	27,924	10,103
Total	1,399,862	1,869,705

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

	2025	2024
	RMB'000	RMB'000
At beginning of year	340,514	223,179
Impairment losses, net (note 7)	69,454	117,335
At end of year	409,968	340,514

The increase in the loss allowance was due to an increase in trade receivables which were past due for more than 2 to 5 years and the individual loss allowance detailed in the following paragraph.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). 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.

Included in the following provision matrix, for certain customers with credit risk increased significantly, the Group has made an individual loss allowance. As at 31 December 2025, the accumulated individual loss allowance was RMB188,081,000 (2024: RMB176,369,000) with a carrying amount before loss allowance of RMB513,508,000 (2024: RMB538,611,000), which was the total exposure of account receivables from certain property developers and their affiliated companies.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

19. TRADE AND BILLS RECEIVABLES *(Continued)*

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

As at 31 December 2025

	Expected credit loss rate	Gross carrying amount RMB'000	Expected credit losses RMB'000
Current and within 1 year	0.79%	632,724	4,971
More than 1 year but within 2 years	13.32%	294,743	39,267
More than 2 years but within 3 years	27.79%	193,131	53,669
More than 3 years but within 4 years	49.63%	90,642	44,984
More than 4 years but within 5 years	77.87%	27,500	21,414
More than 5 years	100.00%	57,582	57,582
Subtotal		1,296,322	221,887
Apparently impaired item	36.63%	513,508	188,081
Total		1,809,830	409,968

As at 31 December 2024

	Expected credit loss rate	Gross carrying amount RMB'000	Expected credit losses RMB'000
Current and within 1 year	0.72%	1,126,241	8,144
More than 1 year but within 2 years	12.89%	307,412	39,628
More than 2 years but within 3 years	28.04%	133,887	37,537
More than 3 years but within 4 years	50.80%	42,699	21,692
More than 4 years but within 5 years	81.11%	22,372	18,147
More than 5 years	100.00%	38,997	38,997
Subtotal		1,671,608	164,145
Apparently impaired item	32.75%	538,611	176,369
Total		2,210,219	340,514

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

19. TRADE AND BILLS RECEIVABLES *(Continued)*

Transferred financial assets that are not derecognised in their entirety

At 31 December 2025, the Group endorsed certain bills receivable (together, the “Bills”) with a carrying amount of approximately RMB367,056,000 in total (2024: RMB302,428,000). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to the Bills, and accordingly, it continued to recognise the full carrying amounts of the Bills and the associated trade payables settled. Subsequent to the endorsement, the Group did not retain any rights on the use of the Bills, including the sale, transfer or pledge of the Bills to any other third parties. The aggregate carrying amount of the trade payables settled during the period to which the suppliers and financial institutions have recourse was approximately RMB367,056,000 (2024: RMB302,428,000) as at 31 December 2025.

Transferred financial assets that are derecognised in their entirety

At 31 December 2025, the Group endorsed certain bills receivable (the “**Derecognised Bills**”) with a carrying amount in aggregate of approximately RMB82,702,000 (2024: RMB44,650,000). The Derecognised Bills have a maturity from one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the “**Continuing Involvement**”). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the derecognised bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

During the reporting period, the Group did not recognise any expenses (2024: Nil) in finance costs (note 6) on the date of transfer of the discounted bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement has been made evenly throughout the year.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025	2024
	RMB'000	RMB'000
Prepayments	338,359	340,212
Deposits and other receivables	133,750	146,069
Total	472,109	486,281
Impairment allowance	(47,681)	(43,431)
Net carrying amount	424,428	442,850

The movements in provision for impairment of deposits and other receivables are as follows:

	2025	2024
	RMB'000	RMB'000
At beginning of the year	43,431	54,234
Impairment losses, net (note 7)	4,250	(10,803)
At end of the year	47,681	43,431

Included in the following provision matrix, for certain customers with credit risk increased significantly, the Group has made individual loss allowances. As at 31 December 2025, the accumulated individual loss allowance was RMB4,633,000 (2024: RMB4,633,000) with a carrying amount before loss allowance of RMB5,383,000 (2024: RMB5,383,000).

The credit-impaired other receivables are related to customers that were in financial difficulties or were in default in interest and principal payments and none of the receivables is expected to be recovered.

The Group has applied the general approach prescribed by IFRS 9, by measuring loss allowance at an amount equal to a 12-month ECL for deposits and other receivables in stage 1 and lifetime ECL in stage 2 and stage 3. To measure the ECLs, deposits and other receivables have been grouped based on shared credit risk characteristics, ECLs are estimated based on historical credit loss experience, adjusted for factors that are specific to the debtors and general economic conditions.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS *(Continued)*

As at 31 December 2025

	Expected credit loss rate	Gross carrying amount RMB'000	Expected credit losses RMB'000
Current and within 1 year	2.33%	73,671	1,716
More than 1 year but within 2 years	30.47%	5,908	1,800
More than 2 years but within 3 years	46.92%	9,398	4,410
More than 3 years but within 4 years	60.64%	6,718	4,074
More than 4 years but within 5 years	75.27%	6,566	4,942
More than 5 years	100.00%	26,106	26,106
Subtotal		128,367	43,048
Apparently impaired item	86.07%	5,383	4,633
Total		133,750	47,681

As at 31 December 2024

	Expected credit loss rate	Gross carrying amount RMB'000	Expected credit losses RMB'000
Current and within 1 year	2.47%	89,088	2,204
More than 1 year but within 2 years	26.06%	9,776	2,548
More than 2 years but within 3 years	46.18%	6,873	3,174
More than 3 years but within 4 years	55.55%	6,844	3,802
More than 4 years but within 5 years	69.80%	3,427	2,392
More than 5 years	100.00%	24,678	24,678
Subtotal		140,686	38,798
Apparently impaired item	86.07%	5,383	4,633
Total		146,069	43,431

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

21. CONTRACT ASSETS

	31 December 2025	31 December 2024
	RMB'000	RMB'000
Contract assets arising from:		
Construction services	2,646,253	3,035,759
Design, survey, training and consultancy	10,747	–
Total	2,657,000	3,035,759
Impairment	(139,099)	(152,210)
Net carrying amount	2,517,901	2,883,549

Contract assets are initially recognised for revenue earned from construction, design, survey and consultancy services. Upon settlement with customers, the amounts recognised as contract assets are reclassified to trade receivables.

During the year ended 31 December 2025, RMB13,111,000 was reversed as an allowance for expected credit losses on contract assets (2024: reversal of RMB6,152,000). The Group's trading terms and credit policy with customers are disclosed in note 19 to the financial statements.

The expected timing of recovery or settlement for contract assets as at 31 December is as follows:

Retention receivables

	2025	2024
	RMB'000	RMB'000
Within one year	28,704	58,806
After one year	87,289	99,450
Total retention receivables	115,993	158,256

At 31 December 2025, the expected timing of recovery or settlement for the remaining contract assets was subject to the specific contract terms and the progress of the performance obligations.

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31 December 2025

21. CONTRACT ASSETS *(Continued)*

The movements in the loss allowance for impairment of contract assets are as follows:

	2025	2024
	RMB'000	RMB'000
At beginning of year	152,210	158,362
Impairment losses, net (note 7)	(13,111)	(6,152)
At end of year	139,099	152,210

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables 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.

Included in the following provision matrix, for certain customers with credit risk increased significantly, the Group has made individual loss allowances. As at 31 December 2025, the accumulated individual loss allowance was RMB120,980,000 (2024: RMB133,725,000) with a carrying amount before loss allowance of RMB372,719,000 (2024: RMB383,802,000). The individual loss allowance was based on the total exposure of contract assets of certain property developers and their affiliated companies.

Set out below is the information about the credit risk exposure on the Group's contract assets using a provision matrix:

As at 31 December 2025

	Expected credit loss rate	Gross carrying amount RMB'000	Expected credit losses RMB'000
Carrying amount excluding apparently impaired item	0.79%	2,284,281	18,119
Apparently impaired item	32.46%	372,719	120,980
Total		2,657,000	139,099

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21. CONTRACT ASSETS *(Continued)*

As at 31 December 2024

	Expected credit loss rate	Gross carrying amount RMB'000	Expected credit losses RMB'000
Carrying amount excluding apparently impaired item	0.72%	2,651,957	18,485
Apparently impaired item	34.84%	383,802	133,725
Total		3,035,759	152,210

22. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2025 RMB'000	2024 RMB'000
Cash and bank balances	283,799	184,036
Pledged deposits	125,112	129,361
Subtotal	408,911	313,397
Less: Pledged time deposits:		
Pledged for salaries of migrant workers	(70,894)	(86,926)
Pledged for bank notes	(5,161)	(12,923)
Pledged for legally frozen assets	(49,057)	(29,512)
Cash and cash equivalents	283,799	184,036

The RMB is not freely convertible into other currencies. However, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

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23. TRADE AND BILLS PAYABLES

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

	2025	2024
	RMB'000	RMB'000
Within 6 months	1,091,055	1,863,775
6 months to 1 year	320,988	375,385
1 to 2 years	370,883	478,948
2 to 3 years	314,787	339,212
Over 3 years	433,326	216,977
Total	2,531,039	3,274,297

The trade payables are non-interest-bearing and are normally settled within terms from three to six months.

24. OTHER PAYABLES AND ACCRUALS

	Notes	2025	2024
		RMB'000	RMB'000
Contract liabilities	(a)	235,125	197,999
Accrued salaries, wages and benefits		17,413	21,105
Other taxes payable		243,163	297,490
Other payables	(b)	175,440	81,124
Total		671,141	597,718

(a) Details of contract liabilities are as follows:

	31 December 2025	31 December 2024
	RMB'000	RMB'000
Construction services	206,613	166,644
Sale of goods	23,545	26,162
Design, survey and consultancy	4,967	5,193
Total	235,125	197,999

Contract liabilities include advances received to render construction services and to deliver goods.

(b) Other payables are non-interest-bearing and have no fixed term of settlement.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2025			2024		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Lease liabilities (note 14)	4.90	2026	3,771	4.90	2025	3,411
Bank loans – mortgaged/ guaranteed	3.10-4.70	2026	347,650	3.10-5.00	2025	383,820
Bank loans – guaranteed	3.50-5.30	2026	85,000	3.45-6.20	2025	51,550
Current portion of long term bank loans – guaranteed	4.41	2026	20,328	4.41	2025	19,755
Total-current			456,749			458,536
Non-current						
Lease liabilities (note 14)	4.90	2027-2032	4,722	4.90	2026-2032	11,584
Bank loans – guaranteed	4.41	2027-2030	85,983	4.41	2026-2030	105,052
Total-non-current			90,705			116,636
Total			547,454			575,172

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

25. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

	2025 RMB'000	2024 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	452,978	455,125
In the second year	20,328	19,755
In the third to fifth years, inclusive	63,027	62,689
Beyond five years	2,628	22,608
Subtotal	538,961	560,177
Analysed into:		
Other borrowings repayable:		
Within one year	3,771	3,411
In the second year	860	2,192
In the third to fifth years, inclusive	2,443	6,975
Beyond five years	1,419	2,417
Subtotal	8,493	14,995
Total	547,454	575,172

Notes:

- (a) Certain of the Group's buildings under property, plant and equipment and investment property with a net carrying amount of approximately RMB128,461,000 (2024: RMB133,502,000) as at 31 December 2025 were pledged to secure general banking facilities granted to the Group.
- (b) As set out in note 31(b), as at 31 December 2025, the Group's interest-bearing bank loans and other borrowings of approximately RMB432,650,000 (2024: RMB422,570,000) were jointly guaranteed by a controlling shareholder and other related parties of the Group, free of charge.
- (c) The Group entered into a fixed asset loan contract with a maximum loan amount totalling RMB190,000,000. As at 31 December 2025, the outstanding balance of the fixed asset loan amounted to RMB106,311,000 (2024: RMB124,807,000) and the interest rate was 4.41%.
- (d) As set out in note 19, the Group did not pledge any trade receivables to secure the Group's bank loans (2024: Nil).

26. SHARE CAPITAL

	2025 RMB'000	2024 RMB'000
Issued and fully paid:		
533,360,000 (2024: 533,360,000) ordinary shares	533,360	533,360

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

27. RESERVES

The amounts of the Group's reserves and the movements therein for the reporting period are presented in the consolidated statement of changes in equity.

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group endorsed the bills receivable with a total carrying amount of approximately RMB367,056,000 (2024: RMB302,428,000).

During the year, the Group did not have any non-cash addition to right-of-use assets (2024: Nil) and lease liabilities (2024: Nil), respectively, in respect of lease arrangements for plant and equipment.

(b) Changes in liabilities arising from financing activities

2025

	Bank and other loans RMB'000	Lease liabilities RMB'000	Loans from third parties RMB'000
At 1 January 2025	560,177	14,995	8,000
Changes from financing cash flows	(50,136)	(2,202)	12,000
Interest expense	28,920	342	-
Revision of a lease term arising from a change in the period of a lease	-	(4,642)	-
At 31 December 2025	538,961	8,493	20,000

2024

	Bank and other loans RMB'000	Lease liabilities RMB'000	Loans from third parties RMB'000
At 1 January 2024	648,455	17,377	9,000
Changes from financing cash flows	(118,443)	(2,864)	(1,000)
Interest expense	30,165	786	-
Revision of a lease term arising from a change in the period of a lease	-	(304)	-
At 31 December 2024	560,177	14,995	8,000

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025	2024
	RMB'000	RMB'000
Within operating activities	521	293
Within financing activities – principal	1,861	2,078
Within financing activities – finance costs	342	786
Total	2,724	3,157

29. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank loans are included in note 25 to the financial statements.

30. COMMITMENTS

At the end of the reporting period, the Group did not have any significant capital commitments.

31. RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with related parties during the reporting period:

	2025	2024
	RMB'000	RMB'000
Construction contracting services provided to: Fellow subsidiaries	4,617	4,617
Purchases of raw materials from a company of which the controlling shareholder of the company is a key management personal of parent company	2,626	47
Lease payments to a fellow subsidiary	1,191	1,694

The above related party transactions were conducted in accordance with the terms mutually agreed between the parties.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

31. RELATED PARTY TRANSACTIONS *(Continued)*

- (b) Other transactions with related parties:

The Group's interest-bearing bank loans and other borrowings of RMB432,650,000 (2024: RMB422,570,000) as at 31 December 2025 were jointly guaranteed by the controlling shareholder and other related parties of the Group, as disclosed in note 25(b).

- (c) Outstanding balances with related parties:

	2025 RMB'000	2024 RMB'000
Trade and bills receivables:		
Fellow subsidiaries	28,387	30,724
Trade payables:		
Fellow subsidiaries	1,537	240
A company of which the controlling shareholder of the company is a member of key management personnel of the parent company	–	114
Other receivables:		
Fellow subsidiaries	20	20
Key management personnel of the holding company	950	950
Contract assets:		
Fellow subsidiaries	10,446	9,882
Associate of fellow subsidiaries	1,072	6,072
Contract liabilities:		
Fellow subsidiaries	1,360	1,360

- (d) Compensation of key management personnel of the Group:

	2025 RMB'000	2024 RMB'000
Short term employee benefits	3,958	3,878
Post-employment benefits	124	62
Total compensation paid to key management personnel	4,082	3,940

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

The related party transactions in respect of item (a) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	2025	2024
	RMB'000	RMB'000
Financial assets		
Financial assets at amortised cost		
Trade receivables	1,399,862	1,869,705
Long term receivables	86,273	96,512
Non-current assets due within one year	9,492	8,943
Financial assets included in deposits and other receivables	86,069	102,638
Pledged deposits	125,112	129,361
Cash and bank balances	283,799	184,036
Subtotal	1,990,607	2,391,195
Financial assets at fair value through profit or loss – mandatorily designated as such		
Bills receivable	358,212	292,852
Total	2,348,819	2,684,047
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and bills payables	2,531,039	3,274,297
Financial liabilities included in financial liabilities included in other payables and accruals	175,440	81,124
Interest-bearing bank and other borrowings	547,454	575,172
Total	3,253,933	3,930,593

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to their fair values as at the end of the reporting period, are as follows:

	Carrying amounts	
	2025 RMB'000	2024 RMB'000
Financial assets		
Long term receivables	86,273	96,512
Bills receivable	358,212	292,852
Total	444,485	389,364
Financial liabilities		
Interest-bearing bank and other borrowings (other than lease liabilities)	538,961	560,177
	Fair values	
	2025 RMB'000	2024 RMB'000
Financial assets		
Long term receivables	86,273	96,512
Bills receivable	358,212	292,852
Total	444,485	389,364
Financial liabilities		
Interest-bearing bank and other borrowings (other than lease liabilities)	538,961	560,177

Management has assessed that the fair values of cash and bank balances, pledged deposits, trade receivables, the current portion of financial assets included in prepayments, other receivables and other assets, trade and bills 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 Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief accountant. At each reporting date, the finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief accountant. The valuation process and results are discussed with the senior management twice a year for annual financial reporting.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

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. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of financial assets included in prepayments, other receivables and other assets and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for non-current portion of financial assets included in prepayments, other receivables and other assets and interest-bearing bank and other borrowings as at 31 December 2025 were assessed to be insignificant.

The fair value of bills receivables is determined by the Group using discounted cash flow model. The inputs of the valuation technique mainly include future cash flow and rates currently available for instruments with similar terms, credit risk and remaining maturities.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2025

	Fair value measurement categorised into			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Bills receivable	–	358,212	–	358,212

As at 31 December 2024

	Fair value measurement categorised into			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Bills receivable	–	292,852	–	292,852

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

The Group did not have any financial liabilities measured at fair value as at 31 December 2025 and 2024.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2024: Nil).

Liabilities for which fair values are disclosed:

As at 31 December 2025

	Fair value measurement categorised into			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Interest-bearing bank and other borrowings (other than lease liabilities)	–	538,961	–	538,961

As at 31 December 2024

	Fair value measurement categorised into			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Interest-bearing bank and other borrowings (other than lease liabilities)	–	560,177	–	560,177

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other loans, and cash and bank balances. The main purpose of these financial instruments is to support the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade payables which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due 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.

Year ended 31 December 2025

	12-month ECLs	Lifetime ECLs			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Contract assets*	-	-	-	2,657,000	2,657,000
Trade receivables*	-	-	-	1,809,830	1,809,830
Financial assets included in prepayments, other receivables and other assets					
– Normal**	128,367	-	-	-	128,367
– Doubtful**	-	-	5,383	-	5,383
Long term receivables	86,273	-	-	-	86,273
Non-current assets due within one year	9,492	-	-	-	9,492
Pledged deposits					
– Not yet past due	125,112	-	-	-	125,112
Cash and cash equivalents					
– Not yet past due	283,799	-	-	-	283,799
Total	633,043	-	5,383	4,466,830	5,105,256

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

Maximum exposure and year-end staging *(Continued)*

Year ended 31 December 2024

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Contract assets*	–	–	–	3,035,759	3,035,759
Trade receivables*	–	–	–	2,210,219	2,210,219
Financial assets included in prepayments, other receivables and other assets					
– Normal**	140,686	–	–	–	140,686
– Doubtful**	–	–	5,383	–	5,383
Long term receivables	96,512	–	–	–	96,512
Non-current assets due within one year	8,943	–	–	–	8,943
Pledged deposits					
– Not yet past due	129,361	–	–	–	129,361
Cash and cash equivalents					
– Not yet past due	184,036	–	–	–	184,036
Total	559,538	–	5,383	5,245,978	5,810,899

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 19 and 21 to the financial statements, respectively.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 19 to the financial statements.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors and industries.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure.

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:

	2025			
	Within 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Trade and bills payables	2,531,039	–	–	2,531,039
Financial liabilities included in other payables and accruals	175,440	–	–	175,440
Interest-bearing bank and other borrowings (excluding lease liabilities)	459,012	94,715	–	553,727
Lease liabilities	4,002	3,845	1,453	9,300
Total	3,169,493	98,560	1,453	3,269,506

	2024			
	Within 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Trade and bills payables	3,274,297	–	–	3,274,297
Financial liabilities included in other payables and accruals	81,124	–	–	81,124
Interest-bearing bank and other borrowings (excluding lease liabilities)	459,028	95,458	22,462	576,948
Lease liabilities	3,625	10,634	2,576	16,835
Total	3,818,074	106,092	25,038	3,949,204

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management

The Group's primary objective for managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders, by pricing services commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or sell to reduce debts. No change was made in the objectives, policies or processes for managing capital during the reporting period.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt includes interest-bearing bank and other borrowings, less cash and bank balances and pledged deposits. Total equity includes the equity attributable to owners of the parent and non-controlling interests stated in the consolidated statement of financial position.

The Group's strategy is to maintain the gearing ratio at a healthy capital level in order to support its business. The principal strategies adopted by the Group include, but are not limited to, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment plans and financing plans, if necessary, to ensure that the Group has a reasonable level of capital to support its businesses. The gearing ratios as at the end of the reporting periods are as follows:

	2025	2024
	RMB'000	RMB'000
Interest-bearing bank and other borrowings (note 25)	547,454	575,172
Cash and bank balances (note 22)	(283,799)	(184,036)
Pledged deposits (note 22)	(125,112)	(129,361)
Net debt	138,543	261,775
Total equity	1,587,729	1,639,810
Gearing ratio	9%	16%

35. EVENTS AFTER THE REPORTING PERIOD

There was no material subsequent event undertaken by the Group after 31 December 2025.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

36. 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	93,733	101,085
Investment properties	64,278	71,281
Right-of-use assets	12,313	13,277
Intangible assets	1,501	1,909
Investments in subsidiaries	91,643	91,643
Deferred tax assets	84,193	96,731
Total non-current assets	347,661	375,926
CURRENT ASSETS		
Inventories	9,106	13,023
Trade and bills receivables	1,669,760	2,083,998
Contract assets	2,416,882	2,789,555
Prepayments and other receivables	500,179	506,014
Pledged deposits	125,112	129,361
Cash and bank balances	74,840	85,330
Dividends receivable	1,087	–
Total current assets	4,796,966	5,607,281
CURRENT LIABILITIES		
Trade and bills payables	2,215,275	3,091,185
Other payables and accruals	723,332	631,591
Interest-bearing bank and other borrowings	433,681	436,280
Tax payable	225,350	228,489
Total current liabilities	3,597,638	4,387,545
NET CURRENT ASSETS	1,199,328	1,219,736
TOTAL ASSETS LESS CURRENT LIABILITIES	1,546,989	1,595,662
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	4,722	5,392
Total non-current liabilities	4,722	5,392
Net assets	1,542,267	1,590,270
EQUITY		
Share capital	533,360	533,360
Reserves (Note 27)	1,008,907	1,056,910
Total equity	1,542,267	1,590,270

NOTES TO THE FINANCIAL STATEMENTS

31 December 2025

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

A summary of the Company's reserves is as follows:

	Capital reserve	Statutory surplus reserve	Special reserve	Exchange fluctuation reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024	188,480	99,931	–	–	777,489	1,065,900
Profit for the year	–	–	–	–	783	783
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations	–	–	–	(64)	–	(64)
Total comprehensive income	–	–	–	(64)	783	719
Appropriation to statutory surplus reserve	–	78	–	–	(78)	–
Transfer to special reserve	–	–	202,392	–	(202,392)	–
Utilisation of special reserve	–	–	(202,392)	–	202,392	–
Final 2023 dividend declared and paid	–	–	–	–	(9,709)	(9,709)
As at 31 December 2024 and 1 January 2025	188,480	100,009	–	(64)	768,485	1,056,910
Loss for the year	–	–	–	–	(47,954)	(47,954)
Other comprehensive loss for the year:						
Exchange differences on translation of foreign operations	–	–	–	(49)	–	(49)
Total comprehensive loss	–	–	–	(49)	(47,954)	(48,003)
Appropriation to statutory surplus reserve	–	–	–	–	–	–
Transfer to special reserve	–	–	113,856	–	(113,856)	–
Utilisation of special reserve	–	–	(113,856)	–	113,856	–
As at 31 December 2025	188,480	100,009	–	(113)	720,531	1,008,907

37. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 March 2026.