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HUAZHANG TECHNOLOGY HOLDING LIMITED

華章科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1673)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2026

FINANCIAL HIGHLIGHTS

	For the year ended 30 June		
	2026	2025	change
	RMB	RMB	%
Revenue	460,738,757	430,004,718	7.15%
Gross profit	84,656,264	74,042,891	14.33%
<i>Gross profit margin</i>	<i>18.4%</i>	17.2%	
Loss for the year	(21,322,139)	(11,443,723)	86.32%
<i>Loss margin</i>	<i>-4.6%</i>	-2.7%	
Loss attributable to the shareholders of the Company	(21,315,916)	(11,474,728)	85.76%
Loss per share attributable to the shareholders of the Company for the year (RMB cents per share)			
— Basic loss per share	(1.34)	(0.72)	
— Diluted loss per share	(1.34)	(0.72)	

The Board does not recommend the payment of a final dividend for the year ended 30 June 2026 (2025: nil).

The board (the “Board”) of directors (the “Directors”) of Huazhang Technology Holding Limited (the “Company”) hereby announces the consolidated financial results of the Company and its subsidiaries (together, the “Group”) for the year ended 30 June 2026, together with the comparative figures for the year ended 30 June 2025, which have been prepared in accordance with HKFRS Accounting Standards as below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2026

		2026	2025
	<i>Notes</i>	RMB	RMB
Revenue	3	460,738,757	430,004,718
Cost of sales		(376,082,493)	(355,961,827)
Gross profit		84,656,264	74,042,891
Other income and gains and losses, net	4	(1,732,503)	19,544,306
Selling and distribution expenses		(12,967,578)	(11,574,973)
Administrative expenses		(61,033,137)	(60,537,190)
Research and development expenses		(21,128,079)	(23,643,687)
Impairment loss on property, plant and equipment		–	(515,173)
Impairment loss on prepaid land lease payments		–	(2,697,336)
Net impairment losses on financial and contract assets	5	(3,363,817)	(1,243,595)
Operating loss		(15,568,850)	(6,624,757)
Finance income	6	1,397,404	2,089,831
Finance costs	6	(4,479,919)	(3,410,120)
Finance costs, net		(3,082,515)	(1,320,289)
Loss before income tax	7	(18,651,365)	(7,945,046)
Income tax expense	8	(2,670,774)	(3,498,677)
Loss for the year		(21,322,139)	(11,443,723)
(Loss)/profit attributable to:			
The shareholders of the Company		(21,315,916)	(11,474,728)
Non-controlling interests		(6,223)	31,005
		(21,322,139)	(11,443,723)
Loss per share attributable to the shareholders of the Company for the year (expressed in RMB cents per share)			
Basic loss per share	9	(1.34)	(0.72)
Diluted loss per share	9	(1.34)	(0.72)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2026

	2026 RMB	2025 RMB
Loss for the year	(21,322,139)	(11,443,723)
Other comprehensive (loss)/income		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	<u>(1,518,170)</u>	<u>119,366</u>
Other comprehensive (loss)/income for the year, net of tax	<u>(1,518,170)</u>	<u>119,366</u>
Total comprehensive loss for the year	<u>(22,840,309)</u>	<u>(11,324,357)</u>
Total comprehensive (loss)/income for the year is attributable to:		
The shareholders of the Company	(22,834,086)	(11,355,362)
Non-controlling interests	<u>(6,223)</u>	<u>31,005</u>
	<u>(22,840,309)</u>	<u>(11,324,357)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026

		2026	2025
	<i>Notes</i>	<i>RMB</i>	<i>RMB</i>
ASSETS			
Non-current assets			
Property, plant and equipment		26,246,101	29,587,403
Other right-of-use assets		3,091,687	3,709,665
Investment properties		147,860,952	157,514,608
Prepaid land lease payments		2,512,281	2,603,881
Other intangible assets		880,140	1,389,326
Goodwill	<i>11</i>	29,306,413	29,306,413
Trade and other receivables	<i>12(i)</i>	50,625,000	52,869,266
Prepayments	<i>12(iii)</i>	4,786,376	117,542
Deferred tax assets		2,026,664	1,300,603
		<u>267,335,614</u>	<u>278,398,707</u>
Current assets			
Inventories		201,023,399	151,266,452
Trade and other receivables	<i>12(i)</i>	148,402,954	172,467,633
Contract assets	<i>12(ii)</i>	47,861,549	51,669,827
Prepayments	<i>12(iii)</i>	83,393,561	72,916,013
Financial assets at fair value through other comprehensive income	<i>12(iv)</i>	53,718,679	45,780,051
Financial assets at fair value through profit or loss		1,441,108	9,398,036
Bank fixed deposits		56,939,889	49,822,287
Pledged deposits		9,921,883	8,181,215
Cash and cash equivalents		149,068,888	120,616,516
		<u>751,771,910</u>	<u>682,118,030</u>
Total assets		<u>1,019,107,524</u>	<u>960,516,737</u>

	<i>Notes</i>	2026 RMB	2025 <i>RMB</i>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		4,029,114	4,365,674
Deferred income		16,087,500	17,437,500
Lease liabilities		1,196,036	1,355,888
		21,312,650	23,159,062
Current liabilities			
Trade and other payables	13	323,291,954	233,372,293
Contract liabilities		215,387,684	184,134,471
Interest-bearing loans		59,990,000	98,080,918
Income tax payable		4,357,999	4,020,082
Lease liabilities		2,054,467	2,196,832
		605,082,104	521,804,596
Total liabilities		626,394,754	544,963,658
Net assets		392,712,770	415,553,079
EQUITY			
Share capital	14	13,824,333	13,824,333
Share premium	14	754,015,624	754,015,624
Other reserves		129,868,065	129,999,261
Accumulated losses		(506,886,054)	(484,183,164)
Capital and reserves attributable to the shareholders of the Company		390,821,968	413,656,054
Non-controlling interests		1,890,802	1,897,025
Total equity		392,712,770	415,553,079

NOTES

FOR THE YEAR ENDED 30 JUNE 2026

1 GENERAL INFORMATION

Huazhang Technology Holding Limited (the “Company”) was incorporated on 26 June 2012 in the Cayman Islands as an exempted company with limited liability under the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The ultimate controlling party of the Company is Mr. Fang Hui, who is also an executive director and chairman of the Company. Dao He Investment Limited, a company beneficially owned by Mr. Fang Hui, is the immediate and ultimate holding company of the Company. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Suite 901, 9/F., Ocean Centre, 5 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (together, the “Group”) are principally engaged in the research and development, manufacture and sale of industrial products, project contracting services, environmental products, the provision of supporting services and property investment in the People’s Republic of China (the “PRC”).

The consolidated financial statements are presented in Renminbi Yuan (“RMB”).

2 MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

(a) Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards, which include all Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and interpretations as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong, and include applicable disclosure requirements of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Hong Kong Companies Ordinance (“HKCO”).

(b) Going concern assessment

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

(c) Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards as issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 July 2025 for the preparation of the consolidated financial statements:

Amendments to HKFRS 21 and HKFRS 1 Lack of Exchangeability

The application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(d) New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 ²
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ³
Amendments to HK Int 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ³
HKFRS 18	Presentation and Disclosure in Financial Statements ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is not expected to have a significant impact on the financial performance and position of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

3 SEGMENT INFORMATION

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

Industrial products — sales and manufacturing of industrial automation systems and headboxes;

Project contracting services — provision of design, procurement of parts, installation and project management services of production line in paper production factories;

Environmental products — provision of total wastewater treatment solution to customers including sales of sludge treatment products;

Supporting services — including after-sales and machine running services, rental income and machine renovation services; and

Property investment — rental income from investment properties and achieves gain from the appreciation in the properties' values in the long term.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted loss before income tax. The adjusted loss before income tax is measured consistently with the Group's loss before income tax except that common administrative expenses, other income and gains and losses, net, finance costs, net and income tax expense are excluded from such measurement.

Segment assets include all assets of the Group except certain other receivables, cash and cash equivalents, pledged deposits, bank fixed deposits, deferred tax assets, other right-of-use assets, financial assets at fair value through profit or loss ("FVTPL") and certain prepayments as these assets are managed on a group basis.

Segment liabilities include all liabilities of the Group except deferred tax liabilities, interest-bearing loans, certain other payables, income tax payable and lease liabilities as these liabilities are managed on a group basis.

The segment results for the year ended 30 June 2026:

	Industrial products <i>RMB</i>	Project contracting services <i>RMB</i>	Environmental products <i>RMB</i>	Supporting services <i>RMB</i>	Property investment <i>RMB</i>	Total <i>RMB</i>
Segment revenue from external customers within the scope of HKFRS 15						
Sales of industrial products	211,989,741	-	-	-	-	211,989,741
Provision of project contracting services	-	196,333,989	-	-	-	196,333,989
Provision of after sales and machine running services	-	-	-	32,998,012	-	32,998,012
Sales of sludge treatment products	-	-	16,972,736	-	-	16,972,736
Revenue from other sources						
Rental income from investment properties	-	-	-	-	2,444,279	2,444,279
Total segment revenue	<u>211,989,741</u>	<u>196,333,989</u>	<u>16,972,736</u>	<u>32,998,012</u>	<u>2,444,279</u>	<u>460,738,757</u>
Timing of revenue recognition						
At a point in time	211,989,741	-	16,972,736	32,998,012	-	261,960,489
Over time	-	196,333,989	-	-	2,444,279	198,778,268
Total segment revenue	211,989,741	196,333,989	16,972,736	32,998,012	2,444,279	460,738,757
Segment cost of sales	<u>(167,255,969)</u>	<u>(156,681,504)</u>	<u>(10,405,607)</u>	<u>(31,342,390)</u>	<u>(10,397,023)</u>	<u>(376,082,493)</u>
Segment gross profit/(loss)	<u>44,733,772</u>	<u>39,652,485</u>	<u>6,567,129</u>	<u>1,655,622</u>	<u>(7,952,744)</u>	<u>84,656,264</u>
Segment results	<u>18,379,568</u>	<u>14,024,361</u>	<u>(291,401)</u>	<u>(7,331,392)</u>	<u>(9,392,281)</u>	15,388,855
Common administrative expenses						(28,837,144)
Other income and gains and losses, net						(2,120,561)
Finance costs, net (<i>Note 8</i>)						<u>(3,082,515)</u>
Loss before income tax						(18,651,365)
Income tax expense						<u>(2,670,774)</u>
Loss for the year						<u>(21,322,139)</u>

Other segment information:

	Industrial products <i>RMB</i>	Project contracting services <i>RMB</i>	Environmental products <i>RMB</i>	Supporting services <i>RMB</i>	Property investment <i>RMB</i>	Unallocated <i>RMB</i>	Total <i>RMB</i>
Capital expenditure	101,497	128,365	15,309	507,385	–	–	752,556
Depreciation of property, plant and equipment	810,693	1,550,785	710,812	459,343	393,179	–	3,924,812
Depreciation of other right-of-use assets	–	–	–	–	–	1,945,966	1,945,966
Depreciation of investment properties	–	–	–	–	9,653,656	–	9,653,656
Gain on disposal of property, plant and equipment	(2,300)	(5,397)	(177)	(973)	–	–	(8,847)
Bad debt recovered	–	–	(4,790,698)	–	–	–	(4,790,698)
Net impairment loss on financial and contract assets	3,249,756	1,202,236	258,309	(1,340,624)	(10,251)	4,391	3,363,817
Amortisation of prepaid land lease payments	25,999	–	34,494	–	–	31,107	91,600
Amortisation of other intangible assets	640,493	–	–	10,728	–	–	651,221
Reversal of allowances for inventories	(1,634,514)	(3,368,501)	(108,798)	(679,876)	–	–	(5,791,689)
Fair value loss on investments in futures at FVTPL	–	–	–	–	–	233,400	233,400
Fair value loss on equity investments at FVTPL	–	–	–	–	–	1,092,113	1,092,113
Loss on disposal of investments in futures at FVTPL	–	–	–	–	–	1,055,843	1,055,843
Dividend income from investments in fund	–	–	–	–	–	(8,977)	(8,977)

The segment results for the year ended 30 June 2025:

	Industrial products <i>RMB</i>	Project contracting services <i>RMB</i>	Environmental products <i>RMB</i>	Supporting services <i>RMB</i>	Property investment <i>RMB</i>	Total <i>RMB</i>
Segment revenue from external customers within the scope of HKFRS 15						
Sales of industrial products	272,622,160	–	–	–	–	272,622,160
Provision of project contracting services	–	96,039,442	–	–	–	96,039,442
Provision of after sales and machine running services	–	–	–	45,995,753	–	45,995,753
Sales of sludge treatment products	–	–	9,591,197	–	–	9,591,197
Revenue from other sources						
Rental income from investment properties	–	–	–	–	5,756,166	5,756,166
Total segment revenue	<u>272,622,160</u>	<u>96,039,442</u>	<u>9,591,197</u>	<u>45,995,753</u>	<u>5,756,166</u>	<u>430,004,718</u>
Timing of revenue recognition						
At a point in time	272,622,160	–	9,591,197	45,995,753	–	328,209,110
Over time	–	96,039,442	–	–	5,756,166	101,795,608
Total segment revenue	272,622,160	96,039,442	9,591,197	45,995,753	5,756,166	430,004,718
Segment cost of sales	<u>(229,491,887)</u>	<u>(73,017,451)</u>	<u>(5,702,080)</u>	<u>(37,755,983)</u>	<u>(9,994,426)</u>	<u>(355,961,827)</u>
Segment gross profit/(loss)	<u>43,130,273</u>	<u>23,021,991</u>	<u>3,889,117</u>	<u>8,239,770</u>	<u>(4,238,260)</u>	<u>74,042,891</u>
Segment results	<u>9,813,080</u>	<u>9,311,577</u>	<u>(3,429,987)</u>	<u>(5,149,605)</u>	<u>(5,441,823)</u>	<u>5,103,242</u>
Common administrative expenses						(27,042,821)
Other income and gains and losses, net						15,314,822
Finance costs, net (<i>Note 8</i>)						<u>(1,320,289)</u>
Loss before income tax						(7,945,046)
Income tax expense						<u>(3,498,677)</u>
Loss for the year						<u>(11,443,723)</u>

Other segment information:

	Industrial products RMB	Project contracting services RMB	Environmental products RMB	Supporting services RMB	Property investment RMB	Unallocated RMB	Total RMB
Capital expenditure	2,446,510	1,551,486	152,388	884,997	–	–	5,035,381
Depreciation of property, plant and equipment	1,506,613	870,722	675,971	538,246	2,168,287	–	5,759,839
Depreciation of other right-of-use assets	–	–	–	–	–	2,512,672	2,512,672
Depreciation of investment properties	–	–	–	–	6,204,630	–	6,204,630
(Gain)/loss on disposal and write off of property, plant and equipment	12,295	(6,513)	(3,606,959)	(2,938)	–	–	(3,604,115)
Bad debt directly written off	19,770	–	–	–	–	–	19,770
Net impairment loss on financial and contract assets	2,073,077	1,150,479	(112,148)	(1,935,370)	67,557	–	1,243,595
Impairment loss on property, plant and equipment	–	–	–	–	515,173	–	515,173
Impairment loss on prepaid land lease payments	–	–	–	–	2,697,336	–	2,697,336
Amortisation of prepaid land lease payments	29,633	–	39,316	–	1,606,845	35,456	1,711,250
Amortisation of other intangible assets	2,195,885	–	–	–	10,728	–	2,206,613
Allowance for inventories	6,440,114	2,903,388	103,692	1,659,079	–	–	11,106,273
Fair value loss on equity investments at FVTPL	–	–	–	–	–	215,676	215,676
Gain on disposal of investments in futures at FVTPL	–	–	–	–	–	(3,294,274)	(3,294,274)
Dividend income from investments in fund	–	–	–	–	–	(26,979)	(26,979)

Notes:

There were no inter-segment sales during the years.

Revenue from one (2025: one) customer accounted for more than 10% of the Group's total revenue for the year, which are shown as follows:

	2026	2025
	RMB	RMB
Customer A from project contracting services segment	168,043,878	N/A ¹
Customer B from project contracting services segment	N/A¹	61,276,646

¹ The corresponding revenue did not contribute 10% or more of the total revenue of the Group in the respective year.

The amount of the Group's revenue from external customers broken down by location of the customers is shown in the table below.

	2026	2025
	RMB	RMB
PRC	443,708,872	413,039,916
Others	17,029,885	16,964,802
	460,738,757	430,004,718

As at 30 June 2026 and 2025, all of the non-current assets of the Group were located in the People's Republic of China.

Segment assets	2026	2025
	RMB	RMB
Industrial products	292,837,061	360,678,986
Project contracting services	221,631,283	117,244,148
Environmental products	17,046,329	11,627,232
Supporting services	49,927,727	66,096,614
Property investment	148,643,838	158,854,627
Total segment assets	730,086,238	714,501,607
Unallocated:		
Cash and cash equivalents	149,068,888	120,616,516
Pledged deposits	9,921,883	8,181,215
Bank fixed deposits	56,939,889	49,822,287
Deferred tax assets	2,026,664	1,300,603
Other right-of-use assets	3,091,687	3,709,665
Financial assets at FVTPL	1,441,108	9,398,036
Other receivables	61,744,791	52,869,266
Prepayments — non-current portion (Note 12(iii))	4,786,376	117,542
Total assets	1,019,107,524	960,516,737

Segment liabilities	2026	2025
	RMB	RMB
Industrial products	209,698,597	259,735,286
Project contracting services	233,878,815	78,869,239
Environmental products	18,306,471	9,335,630
Supporting services	87,682,829	86,039,379
Property investment	519,034	522,719
Total segment liabilities	550,085,746	434,502,253
Unallocated:		
Deferred tax liabilities	4,029,114	4,365,674
Interest-bearing loans	59,990,000	98,080,918
Other payables	4,681,392	442,011
Income tax payable	4,357,999	4,020,082
Lease liabilities	3,250,503	3,552,720
Total liabilities	626,394,754	544,963,658

The Group has recognised the following assets and liabilities related to contracts with customers:

	2026	2025
	RMB	RMB
Contract assets (<i>Note 12(ii)</i>) (<i>i</i>) (<i>ii</i>):		
Retention receivables	41,799,481	32,553,071
Contract assets relating to project contracting services	18,166,105	33,383,955
Less: provision for impairment of contract assets	(12,104,037)	(14,267,199)
	47,861,549	51,669,827
Contract liabilities (<i>i</i>) (<i>iii</i>):		
Contract liabilities relating to sales of goods for industrial products	199,759,255	142,502,521
Contract liabilities relating to project contracting services	15,628,429	41,631,950
	215,387,684	184,134,471

The contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed because the rights are conditional on the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional. The contract liabilities primarily relate to the advance consideration received from customers.

(i) Significant changes in contract assets and liabilities

The decrease in contract assets was mainly due to some projects have reached the milestones for billing to recognise as trade receivables. The increase in contract liabilities was mainly due to the signing of new contracts during the year.

(ii) Contract assets transferred to trade receivables

The following table shows the amount of contract assets transferred to trade receivables in current reporting period relates to carried-forward contract assets:

	2026	2025
	RMB	RMB
Transferred to trade receivables that were included in contract assets balance at the beginning of the year	<u>26,954,646</u>	<u>30,272,074</u>

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

The contract assets expected timing to be realised are as follows:

	2026	2025
	RMB	RMB
Within one year	39,627,479	41,582,086
More than one year	<u>8,234,070</u>	<u>10,087,741</u>
	<u>47,861,549</u>	<u>51,669,827</u>

(iii) Revenue recognised in relation to contract liabilities

The following table shows the amount of revenue recognised in the current reporting period relates to carried-forward contract liabilities:

	2026	2025
	RMB	RMB
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	<u>328,717,669</u>	<u>112,719,988</u>

The transaction price allocated to the remaining performance obligations of sales of certain goods and project contracting services contracts (unsatisfied or partially unsatisfied) and the expected timing of recognising revenue are as follows:

	2026	2025
	RMB	RMB
Within one year	338,395,812	328,717,669
More than one year	<u>77,764,693</u>	<u>69,020,427</u>
	<u>416,160,505</u>	<u>397,738,096</u>

Information about the significant payment terms of the revenue from contracts with customers is set out below.

Type of revenue	Significant payment terms
Sales of goods for industrial products	By milestone payments per agreed terms at contract inception (30% deposit) and delivery of services upon acceptance
Project contracting services	By milestone payments per agreed terms at contract inception (30% deposit), prior to dispatch upon notification (50% payment) and completion of installation and commissioning upon acceptance

4 OTHER INCOME AND GAINS AND LOSSES, NET

	2026 RMB	2025 RMB
Interest income recognised from project contracting services	–	53,982
Government grants (<i>note i</i>)	3,452,698	3,063,456
Bad debts recovered/(directly written off) (<i>note ii</i>)	4,790,698	(19,770)
Rental income from property, plant and equipment	379,211	928,789
Fair value loss on investments in futures at FVTPL	(233,400)	–
Fair value loss on equity investments at FVTPL	(1,092,113)	(215,676)
(Loss)/gain on disposal of investments in futures at FVTPL	(1,055,843)	3,294,274
Dividend income from investments in fund	8,977	26,979
Over provision for claims, net (<i>note iii</i>)	–	4,477,320
Gain on disposal of property, plant and equipment	8,847	3,604,115
Gain on disposal of a subsidiary	–	1,609,152
Write-back of trade and other payables	968,248	1,742,134
Early termination of lease	(280,094)	68,817
Loss on acquisition of creditor's rights (<i>note 12(i)(d)</i>)	(2,008,543)	–
Provision of contractual claims (<i>note 13b</i>)	(7,684,000)	–
Others	1,012,811	910,734
	<u>(1,732,503)</u>	<u>19,544,306</u>

Notes:

- (i) During the years ended 30 June 2026 and 2025, all grants mainly related to subsidies granted to certain subsidiaries in respect of their operations in the PRC from government bodies which are either unconditional grants or grants with conditions having been satisfied.
- (ii) During the year ended 30 June 2026, bad debts recovered of RMB4,790,698 was recognised following recovery of fully impaired trade receivables that had previously been derecognised upon disposal of a subsidiary in the year ended 30 June 2025.

- (iii) As disclosed in note 15, Zhejiang Huazhang received a judgment from the courts dated 28 June 2024 for the retrial of the first instance case. The judgment awarded claims amounting to approximately RMB32,994,295 to be paid by Zhejiang Huazhang to the plaintiff.

On 1 November 2024, Zhejiang Huazhang received the final verdict of the first instance case. The compensation for breach of contract in the amount of RMB28,516,975. Based on the final verdict, an overprovision of RMB4,477,320 was recognised during the year ended 30 June 2025.

5 NET IMPAIRMENT LOSSES ON FINANCIAL AND CONTRACT ASSETS

	2026 <i>RMB</i>	2025 <i>RMB</i>
(Recognition of)/reversal of expected credit losses on:		
— trade receivables	(2,253,347)	(4,816,222)
— other receivables	(3,254,114)	5,168,927
— contract assets	2,143,644	(1,596,300)
	<u>(3,363,817)</u>	<u>(1,243,595)</u>

6 FINANCE COSTS, NET

	2026 <i>RMB</i>	2025 <i>RMB</i>
Finance income		
— Interest income	1,302,611	1,853,335
— Net foreign exchange gain	94,793	236,496
	<u>1,397,404</u>	<u>2,089,831</u>
Finance costs		
— Net foreign exchange loss	(1,506,768)	(300,406)
— Interest on margin loans	—	(37,691)
— Interest on bank overdraft	(682)	—
— Interest on loans	(2,546,976)	(2,435,611)
— Interest paid for overdue trade payables	(8,227)	(119,753)
— Interest paid for lease liabilities	(417,266)	(516,659)
	<u>(4,479,919)</u>	<u>(3,410,120)</u>
Finance costs, net	<u>(3,082,515)</u>	<u>(1,320,289)</u>

7 LOSS BEFORE INCOME TAX

The Group's loss before income tax is arrived after (crediting)/charging the following:

	2026 RMB	2025 RMB
Cost of sales		
(Reversal of)/allowance for inventories	(5,791,689)	11,106,273
Amortisation of prepaid land lease payments	—	1,606,845
Cost of inventories		
— Sales of goods for industrial products	164,073,325	212,000,901
— Project contracting services	157,830,094	69,582,735
— Sales of environmental products	10,634,897	5,421,340
— Supporting services	31,274,854	42,071,635
Depreciation of investment properties	9,653,656	6,204,630
Depreciation of property, plant and equipment	844,954	2,284,607
Employee benefit expenses	2,053,333	2,940,438
Other tax	4,267,275	501,416
Others	1,241,794	2,241,007
	<u>376,082,493</u>	<u>355,961,827</u>
Selling and distribution expenses		
Advertising costs	520,763	807,496
Depreciation of property, plant and equipment	48,379	74,827
Employee benefit expenses	5,002,927	4,130,707
Entertainment expenses	1,006,037	906,988
Expense relating to short-term leases	42,634	—
Office expenses	1,197,071	1,200,505
Other expenses	16,260	60,381
Professional service fees	645,032	48,479
Travelling expenses	4,400,719	4,285,091
Utilities	87,756	60,499
	<u>12,967,578</u>	<u>11,574,973</u>

	2026 RMB	2025 RMB
Administrative expenses		
Accounting fee	197,620	196,703
Advertising costs	1,820	54,147
Amortisation of other intangible assets	651,221	2,206,613
Amortisation of prepaid land lease payments	91,600	104,405
Auditor's remuneration	1,449,344	1,462,426
Auditor's remuneration — under-provision in prior year	—	370,438
Depreciation of other right-of-use assets	1,945,966	2,512,672
Depreciation of property, plant and equipment	2,955,410	3,310,648
Employee benefit expenses	33,243,743	29,412,338
Entertainment expenses	3,562,722	5,295,584
Expense relating to short-term leases	474,551	188,453
Licence fee	217,309	212,872
Office expenses	3,141,653	2,922,473
Other expenses	470,491	661,463
Professional service fees	7,573,268	7,300,611
Transportation expenses	381,982	508,777
Travelling expenses	3,410,382	2,498,505
Utilities and management fee	1,264,055	1,318,062
	<u>61,033,137</u>	<u>60,537,190</u>
Research and development expenses		
Depreciation of property, plant and equipment	76,069	89,757
Employee benefit expenses	17,545,836	19,223,250
Licence fee	193,509	272,563
Office expenses	46,188	24,901
Other expenses	165,819	181,796
Professional service fees	267,266	224,311
Travelling expenses	2,797,921	3,588,379
Utilities	35,471	38,730
	<u>21,128,079</u>	<u>23,643,687</u>

8 INCOME TAX EXPENSE

	2026 RMB	2025 RMB
PRC enterprise income tax (ii)		
Current income tax	3,355,393	1,804,021
(Overprovision)/underprovision in prior year	(2,140,869)	195,135
Withholding tax (iv)	1,000,000	500,000
Hong Kong Profits Tax		
Underprovisions in prior year (note)	1,518,871	—
Deferred income tax	(1,062,621)	999,521
	<u>2,670,774</u>	<u>3,498,677</u>

Note: During the year ended 30 June 2026, the Group received a final tax assessment from the Inland Revenue Department of the Hong Kong Special Administrative Region amounting to HK\$1,669,361 (equivalent to approximately RMB1,518,871) in respect of estimated assessable profits for the fiscal year of 2021/2022. Management concur with the assessment and an underprovision of RMB1,518,871 was recognised.

(i) Cayman Islands profits tax

Profits tax is not imposed on corporations in the Cayman Islands.

(ii) PRC enterprise income tax (“EIT”)

EIT is provided on the assessable income of entities within the Group incorporated in the PRC. Pursuant to the PRC Enterprise Income Tax Law (the “EIT Law”), the EIT of companies established in the PRC is unified at 25%, effective from 1 January 2008.

The applicable EIT rate of Zhejiang Huazhang Technology Limited (“Zhejiang Huazhang”) is 25% according to the EIT Law. Under the relevant regulations of the EIT Law, Zhejiang Huazhang had obtained the qualification of High and New Technology Enterprise in the calendar year of 2020 with a validation period of three years and extended in December 2023 for a further three years. The applicable EIT rate of Zhejiang Huazhang is 15% from December 2023 till November 2026. Thus the applicable income tax rate for Zhejiang Huazhang was 15% (2025: 15%) for the year ended 30 June 2026.

In March 2023, China’s tax authorities extended the policy of pre-tax super deduction of research and development expenses (“super deduction”) indefinitely, making it a permanent preferential policy for all types of companies in China.

The super deduction policy allows companies a 200 percent pre-tax deduction of the expenses incurred in conducting research and development activities that do not form intangible assets.

The applicable EIT rate of Hangzhou Haorong Technology Co., Ltd (“Haorong”) is 25% according to the EIT Law. Under the relevant regulations of the EIT Law, Haorong had the qualification of Small and micro-profit enterprises in the 2026 and 2025, which is effective from 2023 to 2027. The applicable EIT rate of Haorong is 5% (2025: 5%). Thus the applicable income tax rate for Haorong was 5% (2025: 5%) for the year ended 30 June 2026.

(iii) Hong Kong profits tax

Under the two-tiered profits tax regime, Hong Kong profits tax is chargeable at the rate of 8.25% on assessable profits up to HK\$2,000,000 and at the rate of 16.5% on any part of assessable profits over HK\$2,000,000 for a corporation. No Hong Kong profits tax was provided as there was no estimated assessable profits for the year (2025: nil).

(iv) Withholding tax

According to the relevant laws and regulations in the PRC, the Group is also liable to a 10% withholding tax on dividends to be distributed from the Group's foreign-invested enterprises in the PRC in respect of its profits generated from 1 January 2008. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%.

9 LOSS PER SHARE

The calculation of the basic loss per share amount is based on the loss for the year attributable to the shareholders of the Company and the weighted average number of ordinary shares of 1,596,134,067 (2025: 1,596,134,067) in issue during the year.

The Company has one (2025: one) category of potential ordinary shares: share options (2025: share options). The diluted loss per share is same as the basic loss per share as the exercise price of share options was higher than the average market price of the Company's shares for the years ended 30 June 2026 and 2025.

	2026	2025
	RMB	RMB
Basic and diluted		
Loss		
Loss attributable to the shareholders of the Company	<u>(21,315,916)</u>	<u>(11,474,728)</u>
Number of shares		
Weighted average number of ordinary shares in issue during the year	<u>1,596,134,067</u>	<u>1,596,134,067</u>
Basic and diluted loss per share (<i>RMB cents</i>)	<u><u>(1.34)</u></u>	<u><u>(0.72)</u></u>

10 DIVIDENDS

No dividends were paid during the years ended 30 June 2026 and 2025.

The Board does not recommend to declare any dividend for the year ended 30 June 2026 (2025: nil).

11 GOODWILL

	Headbox business <i>RMB</i>	Others <i>RMB</i>	Total <i>RMB</i>
Opening net carrying amount as at 1 July 2024	29,306,413	596,370	29,902,783
Disposal of a subsidiary	<u>–</u>	<u>(596,370)</u>	<u>(596,370)</u>
Closing net carrying amount as at 30 June 2025 and 2026	<u>29,306,413</u>	<u>–</u>	<u>29,306,413</u>

Goodwill of the Group mainly arose from the acquisitions of Hangzhou Haorong Technology Co., Ltd (“Haorong”) and Hangzhou MCN Paper Tech Co., Ltd (“MCN”) (together, the “MCN Group”) in 2017 which represent the group of cash-generating units (“CGUs”) in the headbox business.

MCN

MCN is a company established under the laws of the PRC and principally engaged in the research, development and distribution of headbox. Since its establishment in 2001, MCN has developed various kinds of stainless headboxes including rectifier roll headbox, hydraulic headbox, turbulence channel headbox, inclined wire and cylinder former headbox and turbulent flow away headbox etc which were customised for its customers. It also provides equipment installation, operation instruction and consultation services for its customers. Customers of MCN are located across the PRC and are primarily engaged in paper manufacturing.

Haorong

Haorong is a company established under the laws of the PRC. Since its establishment in 2006, it has principally engaged in the business of research, development and distribution of headboxes. It has developed various kinds of high frequency shake, headbox control system, etc. and provided equipment installation, operation instruction and consultation services in accordance with the specifications and requirements provided by its customers, which are primarily engaged in paper manufacturing in the PRC. Haorong was regarded as a “High-tech Enterprise in Hangzhou City” (杭州市高新技術企業) and a “Medium and Small Technology Enterprise in Zhejiang Province” (浙江省科技型中小企業).

Goodwill that arose from the acquisition of the MCN Group was allocated to the group of CGUs of headbox business under the business segment of industrial products for impairment testing purposes.

The following table sets out the key assumptions for the CGUs that have significant goodwill allocated to them:

	Headbox business	
	2026	2025
Sales (% annual growth rate)	2.0%	2.0%
Budgeted gross margin (%)	21.5%	20.4%
Long term growth rate (%)	2.0%	2.0%
Pre-tax discount rate (%)	15.34%	15.80%

These assumptions have been used for the analysis of the CGUs in the operating segment.

Sales is the average annual growth rate over the five-year forecast period. It is based on past performance and management’s expectations of market development.

Gross margin is the average margin as a percentage of revenue over the five-year forecast period. It is based on the current sales margin levels and sales mix, with adjustments made to reflect the expected future price rises in rubber, a key raw material, which management does not expect to be able to pass on to customers through price increases.

The long term growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the CGUs.

For the years ended 30 June 2026 and 2025, based on the valuation report prepared by an independent professional valuer, Vincorn, the recoverable amount of the headbox business CGU, determined based on value-in-use, exceeded its carrying amount, no impairment charge arose in the aforesaid CGUs. The management of the Group believes that any reasonably possible change in any of the aforementioned key assumptions would not cause the carrying amount of headbox business CGU to exceed its recoverable amount.

12 TRADE AND OTHER RECEIVABLES, CONTRACT ASSETS AND PREPAYMENTS

(i) Trade and other receivables

	2026 RMB	2025 RMB
Trade receivables	240,300,555	267,479,387
Less: provision for impairment of trade receivables (<i>note f</i>)	(188,237,290)	(185,983,943)
Trade receivables — net (<i>notes a & b</i>)	52,063,265	81,495,444
Bills receivables	52,929,442	66,358,018
	<u>104,992,707</u>	<u>147,853,462</u>
Consideration receivable for sale of equity investment at FVTPL (<i>note c</i>)	2,400,000	4,749,130
Deductible input value added tax	111,304	1,445,862
Other receivables — guarantee	642,409	1,064,259
Deposit for acquisition of the Debtor Company (<i>note d</i>)	50,000,000	50,000,000
Others (<i>note e</i>)	40,881,534	20,224,186
Other receivables	<u>94,035,247</u>	<u>77,483,437</u>
Total trade and other receivables	199,027,954	225,336,899
Less: trade and other receivables — non-current portion (<i>notes c & d</i>)	(50,625,000)	(52,869,266)
	<u>148,402,954</u>	<u>172,467,633</u>

- (a) The Group's credit terms with its customers for sale of project contracting services are generally 3 to 6 months (2025: 3 to 6 months). For customers of sales of goods — industrial products, invoices are due within 30 to 90 days (2025: 30 to 90 days). The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

The ageing analysis of the net amount of trade receivables based on the date of the invoice is as follows:

	2026 RMB	2025 RMB
Up to 3 months	23,461,053	51,874,562
3 months to 6 months	636,833	9,036,850
6 months to 1 year	8,593,033	5,620,899
1 year to 2 years	11,827,661	11,436,069
Over 2 years	7,544,685	3,527,064
	<u>52,063,265</u>	<u>81,495,444</u>

- (b) The ageing analysis of the net amount of trade receivables based on the due date is as follows:

	2026	2025
	RMB	RMB
Not due	4,228,623	12,343,977
Up to 3 months past due	19,564,323	43,263,316
3 months to 6 months past due	276,351	7,762,584
6 months to 1 year past due	8,932,781	5,102,609
1 year to 2 years past due	11,515,340	9,223,111
Over 2 years past due	7,545,847	3,799,847
	<u>52,063,265</u>	<u>81,495,444</u>

- (c) As at 30 June 2026, the consideration receivable for the sale of equity investment at FVTPL to the major shareholder of the investee is unsecured, interest-free. It includes a gross carrying amount of RMB3,550,000 (2025: RMB1,900,000) with a provision for impairment of RMB1,775,000 (2025: RMB20,136) receivable within one year, and a remaining gross carrying amount of RMB1,250,000 (2025: RMB2,900,000) with a provision for impairment of RMB625,000 (2025: RMB30,734) receivable within two to four years.
- (d) At 30 June 2026, the gross carrying amount of RMB50,000,000 (2025: RMB50,000,000) deposit paid for the acquisition of Baoshan Xingshengtai Paper Co., Ltd. (the “Debtor Company”) included as non-current.

At 30 June 2026 and 2025, the gross carrying amount due from the Debtor Company included in trade receivables was RMB72,925,417 and other receivable of RMB81,974,427 which was full impaired in the year ended 30 June 2022.

On 28 July 2025, Yunnan Hengjia Assets Liquidation Co., Ltd. (the “Administrator”), Zhejiang Huazhang and the Debtor Company entered into a restructuring agreement (the “Restructuring Plan”). Pursuant to the Restructuring Agreement, Zhejiang Huazhang has agreed to invest a total sum of RMB95,693,842 (the “Investment Amount”) into the Debtor Company which the Debtor Company will use to settle the outstanding debts due from the Debtor Company to its creditors that have been recognised, examined and verified by the Administrator as set out in the Restructuring Plan.

Upon satisfaction of all the conditions precedent, the Administrator will commence the procedure for the transfer of the entire equity interest in the Debtor Company (including all the assets it held) to Zhejiang Huazhang pursuant to the Restructuring Plan and will complete the transfer within 25 days after the full payment of the Investment Amount by Zhejiang Huazhang pursuant to the Restructuring Agreement. After the equity transfer completion, the Debtor Company will become a wholly-owned subsidiary of the Company.

Based on the Restructuring Agreement and the verified liabilities as of 3 February 2026, the Group is entitled to the recovery of RMB10,072,363 in respect of previous debts of total debts claimed by the Group of RMB191,697,256 consisting of RMB124,902,270 (including principal of RMB101,365,456 and accrued interest and penalty of RMB23,536,814) due to Baoshan Jintaisheng Logistics Limited, a wholly-owned subsidiary of the Group and RMB66,803,986 (including principal of RMB58,443,972 and accrued interest of RMB8,360,014) due to Zhejiang Huazhang. The amount recoverable of RMB10,072,363 is included in the Investment Amount of RMB95,693,842.

At 30 June 2025, the Group paid an application fee of RMB10,000,000 and a performance pledge of RMB40,000,000 to the Administrator which will be applied to partially satisfy the payment of the Investment Amount. Details of the acquisition are disclosed in the announcement of the Company dated 28 July 2025 and circular of the Company dated 3 February 2026.

On 1 December 2025, Yunnan Asset Management Company Limited, a independent third party established in the PRC with limited liability and a secured creditor of the Debtor Company (the “Seller”) published an auction invitation in the Jingdong Asset Bidding Network Platform at <https://zcpm.jd.com> inviting public bids for the acquisition of the creditor’s rights legally held by the Seller in (i) the amount of approximately RMB38,320,000 due from the Debtor Company; and (ii) amount due from Zhaotong Junchi Trading Company Limited with a principal of RMB10,000,000 (“Creditor’s Rights”). The Group participated in the public auction and was the highest bidder.

On 17 December 2025, Huazhang Holdings (Taizhou) Company Limited (the “Purchaser”), a wholly owned subsidiary of the Company entered into the Debt Transfer Agreement with the Seller for the acquisition of the Creditor’s Rights at a consideration of RMB20,000,000, which will be fully settled by the Purchaser within five business days after the date of the Debt Transfer Agreement.

Pursuant to the Restructuring Plan, the recognised debt claim of RMB38,320,000 (“Verified Amount”) was secured and verified by the Administrator and Court, and in accordance with the Restructuring Plan was entitled to a repayment of RMB17,991,457 of the Verified Amount. Details of the acquisition of the Creditor’s Rights by way of public auction is disclosed in the announcement of the Company dated 17 December 2025.

There was no change to the Restructuring Plan as a result of the acquisition of the Creditor’s Rights, the Group would still be required to make an initial total payment RMB95,693,842 consisting of RMB50,000,000 already prepaid as at 30 June 2025 and RMB45,693,842 on commencement of the Restructuring Plan. The Group as owners of the Creditor’s Rights recovered of RMB17,991,457 as settlement per the Restructuring Plan on 3 February 2026 and a loss on acquisition of Creditor’s Rights of RMB2,008,543 was recognised during the year ended 30 June 2026.

The shareholders of the Company approved the circular for the acquisition of the Debtor Company at an extraordinary general meeting of the Company on 27 February 2026.

The acquisition was completed on 13 August 2026 upon the completion of the equity transfer and has been recognised as an asset acquisition accordingly.

The details of the consideration transferred, the fair value of the underlying assets acquired, and the resulting financial impact are set out below:

Total investment cost	RMB
Investment amount per the Restructuring Agreement	95,693,842
Additional verified liabilities up to completion date	357,031
Legal and professional fees incurred	<u>2,715,504</u>
	98,766,377
<i>Less:</i>	
Legal and professional fees settled	(2,715,504)
Liabilities settled up to 30 June 2026	(40,443,758)
Remaining unutilised deposit (note)	<u>(9,556,242)</u>
Outstanding consideration payable as at 30 June 2026	<u><u>46,050,873</u></u>
	RMB
Assets and liabilities acquired at the date of completion	
Prepaid lease payments	13,290,216
Property, plant and equipment	85,473,832
Bank balance and cash	<u>2,329</u>
Net assets acquired of	98,766,377
Total consideration	<u>(98,766,377)</u>
	<u><u>—</u></u>

Note: Details of the utilisation of the deposit paid for the acquisition of the Debtor Company at the end of the reporting period is as follows:

	At 30 June 2026 RMB
Deposit paid for acquisition of the Debtor Company	50,000,000
Utilisation for settlement of liabilities	<u>(40,443,758)</u>
Remaining unutilised deposit	<u><u>9,556,242</u></u>

- (e) At 30 June 2026, the net carrying amount of others of RMB10,881,534 (2025: RMB20,224,186) included gross carrying amount of RMB2,329,824 (2025: RMB10,020,260) with a provision for impairment of RMB2,099,960 (2025: RMB2,434,600) in relation to performance deposits for contracts and remaining gross carrying amount of RMB11,487,952 (2025: RMB13,545,205) with a provision for impairment of RMB836,282 (2025: RMB906,679) due from several other independent third parties which have no fixed maturity dates.

As at 30 June 2026, included in others are the gross carrying amounts of RMB46,207,388 (2025: RMB48,122,684), RMB36,511,222 (2025: RMB33,168,989) and RMB6,977,521 (2025: RMB7,047,327) due from the abnormal transactions and balance of the Tongxiang Yuxin Electric Co., Ltd. (“Yuxin Electric”), Tongxiang Jiafu Papermaking Equipment Co., Ltd. (“Jiafu Paper”) and Zhejiang Hua Zhang Fibertech Co., Ltd. (“Fibertech”) related to

the subject transactions which were all owned and connected to Mr. Zhu Gen Rong, a former chairman, executive director and substantial shareholder of the Company and the detail is reported to announcement on 26 October 2022. Provision for impairment of RMB46,207,388 (2025: RMB48,122,684), RMB36,511,222 (2025: RMB33,168,989), and RMB6,977,521 (2025: RMB7,047,327) respectively have been recognised to fully write down these receivables in the year ended 30 June 2022.

As at 30 June 2026, an advance in the principal amount of RMB 30,000,000 was granted to an independent third-party supplier for the purpose of supporting project operations. The advance bears a term of one year, commencing from the date the funds are actually credited to the account, and carries interest at an annual rate of 4%.

- (f) Movements in the Group's provision for impairment of trade receivables are as follows:

	2026 RMB	2025 RMB
At beginning of the year	185,983,943	183,367,508
Impairment loss recognised, net	2,253,347	4,816,222
Disposal of a subsidiary	–	(1,186,287)
Written off	–	(1,013,500)
At the end of the year	<u>188,237,290</u>	<u>185,983,943</u>

During the year ended 30 June 2026, an impairment loss for RMB2,253,347 (2025: RMB4,816,222) was recognised due to slower repayments as a result of the current economic climate.

- (g) Movements in the Group's provision for impairment of other receivables are as follows:

	2026 RMB	2025 RMB
At beginning of the year	176,308,834	187,507,887
Impairment loss recognised/(reversal of impairment), net	3,254,114	(5,168,927)
Disposal of a subsidiary	–	(6,028,020)
Exchange difference	(711)	(2,106)
At the end of the year	<u>179,562,237</u>	<u>176,308,834</u>

As at 30 June 2026, balances of RMB176,320,506 (2025: RMB175,258,116) were assessed as credit-impaired and full provision was recognised.

During the year ended 30 June 2026, impairment loss, net on other receivables of RMB3,254,114 was recognised due to the collection of these debts (2025: reversal of impairment loss of RMB5,168,927).

- (h) Due to the short-term nature of the current portion of the receivables, their carrying amounts approximate their fair value as at the end of the reporting period.

- (i) The net carrying amounts of trade and other receivables (including non-current portion) are denominated in the following currencies:

	2026 RMB	2025 RMB
RMB	198,219,373	221,548,987
HK\$	658,914	3,787,912
USD	4,831,562	–
	<u>203,709,849</u>	<u>225,336,899</u>

(ii) **Contract assets**

	2026 RMB	2025 RMB
Retention receivables (a)	41,799,481	32,553,071
Contract assets relating to project contracting services	18,166,105	33,383,955
	59,965,586	65,937,026
Less: provision for impairment of contract assets (b)	(12,104,037)	(14,267,199)
	<u>47,861,549</u>	<u>51,669,827</u>

- (a) The retention receivables represent approximately 5% to 10% of the contract value of the project contracting services of the Group which will be collected upon the expiry of the warranty period (which is usually for a period of 18 months from the date of delivery or 12 months after on-site testing, whichever is earlier).

- (b) Movements in the Group's provision for impairment of contract assets are as follows:

	2026 RMB	2025 RMB
At beginning of the year	14,267,199	13,296,977
(Reversal of impairment)/impairment losses recognised, net	(2,143,644)	1,596,300
Written off	–	(591,850)
Exchange difference	(19,518)	(34,228)
At the end of the year	<u>12,104,037</u>	<u>14,267,199</u>

During the year ended 30 June 2026, a reversal of impairment loss for contract assets of RMB2,143,644 (2025: impairment loss of RMB1,596,300) was recognised due to the settlement of long-outstanding projects and a decrease in the expected credit loss rate as a result of the improved collection of receivables.

As at 30 June 2026 and 2025, the net amounts of contract assets are denominated in the following currencies:

	2026 RMB	2025 RMB
RMB	45,925,823	47,522,351
USD	1,935,726	4,147,476
	<u>47,861,549</u>	<u>51,669,827</u>

- (c) Contract assets relating to project contracting services are expected to be recovered within 12 months.

(iii) Prepayments

	2026 RMB	2025 RMB
Prepayments for procurements (<i>note</i>)	82,310,846	71,943,032
Prepayments for acquisition of equipment	4,681,895	–
Others	1,187,196	1,090,523
	<u>88,179,937</u>	<u>73,033,555</u>
Total prepayments	88,179,937	73,033,555
Less: prepayments — non-current portion	(4,786,376)	(117,542)
	<u>83,393,561</u>	<u>72,916,013</u>

Note: At 30 June 2026, the prepayments for procurements included the purchase of raw materials of rectifier roll headbox, hydraulic headbox, turbulence channel headbox of RMB81,589,202 (2025: RMB71,249,562) and raw materials of filter press of RMB721,644 (2025: RMB693,470).

(iv) Financial assets at fair value through other comprehensive income

The Group manages its bills receivables using a business model whose objective is achieved by both collecting contractual cash flow and selling such financial assets and hence, they are categorised as financial assets measured at fair value through other comprehensive income in accordance to HKFRS 9.

13 TRADE AND OTHER PAYABLES

	2026 RMB	2025 RMB
Trade payables	163,211,859	130,213,832
Bills payable (<i>note a</i>)	56,376,374	12,668,395
	<u>219,588,233</u>	<u>142,882,227</u>
Other taxes payables — value added tax	25,815,037	29,887,005
Interest-free loan from independent third parties	13,080,800	13,080,800
Amount due to suppliers on a customer's behalf	13,155,421	13,155,421
Provision for contractual claims (<i>note b</i>)	7,684,000	—
Accruals	5,393,614	2,777,272
Employee benefit payables	12,023,908	7,672,539
Other deposits	1,580,775	909,182
Provision for warranty expenses	523,838	523,838
Payables for property, plant and equipment	—	70,754
Others (<i>note c</i>)	24,446,328	22,413,255
	<u>103,703,721</u>	<u>90,490,066</u>
Total trade and other payables	<u><u>323,291,954</u></u>	<u><u>233,372,293</u></u>

Notes:

- (a) These relate to trade payables in which the Group has issued bills to the relevant suppliers for settlement of trade payables. The suppliers can obtain the invoice amounts from the bank on the maturity date of the bills. The Group continues to recognise these as trade payables as the Group is obliged to make payments to the relevant banks on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the consolidated statement of cash flows, settlements of these bills by the Group are included within operating cash flows based on the nature of the arrangements.
- (b) As at 30 June 2026, provision for contractual claims amounted to RMB7,684,000 was related to a claim for liquidated damage for late delivery made by a customer against the Group in respect of a construction contract.
- (c) As at 30 June 2026, included the amount of RMB20,447,000 (2025: RMB20,447,000) to Hangzhou Taige Automatic Co., Ltd, a company held by a close family member of Mr. Zhu Gen Rong, a former executive director, chairman and substantial shareholder of the Company. The detail is included in the announcement of the Company on 26 October 2022.

The ageing analysis of the trade payables based on the invoice date is as follows:

	2026 RMB	2025 RMB
Up to 3 months	77,895,857	63,719,990
3 months to 6 months	56,993,966	32,149,752
6 months to 1 year	2,695,488	5,343,867
1 year to 2 years	5,515,919	10,172,287
Over 2 years	20,110,629	18,827,936
	<u>163,211,859</u>	<u>130,213,832</u>

The carrying amounts of trade and other payables are denominated in the following currencies:

	2026 RMB	2025 RMB
RMB	316,050,536	231,300,719
HK\$	7,241,418	2,071,574
	<u>323,291,954</u>	<u>233,372,293</u>

14 SHARE CAPITAL AND SHARE PREMIUM

				<i>RMB</i>
Issued and fully paid:				
At 1 July 2024, 30 June 2025, 1 July 2025 and 30 June 2026				<u>13,824,333</u>
	Number of issued shares	Share capital <i>RMB</i>	Share premium <i>RMB</i>	Total <i>RMB</i>
At 1 July 2024, 30 June 2025, 1 July 2025 and 30 June 2026	<u>1,596,134,067</u>	<u>13,824,333</u>	<u>754,015,624</u>	<u>767,839,957</u>

Pursuant to Section 34 of the Cayman Companies Law (2003 Revision) and the Articles of Association of the Company, the share premium of the Company is available for distribution to shareholders subject to a solvency test on the Company and the provisions of the Articles of Association of the Company.

15 LITIGATION

Zhejiang Huazhang Technology Limited (“Zhejiang Huazhang”), a wholly-owned subsidiary of the Company, received a first instance judgment (the “Judgment”) dated 24 December 2021 handed down by the Intermediate People’s Court of Chuxiong Yi Autonomous Prefecture of Yunnan Province (雲南省楚雄彝族自治州中級人民法院) (the “Court”) in the PRC in relation to a contractual dispute between Hubei Industrial Construction Group Installation Engineering Company Limited (湖北省工業建築集團安裝工程有限公司) (“Plaintiff”) as plaintiff and Yunnan Yunhong Paper Company Limited (雲南雲泓紙業有限公司) as defendant. Zhejiang Huazhang was also named as a co-defendant in the legal proceedings.

Zhejiang Huazhang had lodged an appeal application (the “Appeal Application”) with the Higher People’s Court of Yunnan Province (雲南省高級人民法院) (the “Appeal Court”) against the Judgment. The Appeal Application was approved on 22 August 2022, whereby the Appeal Court ordered, among other things, to set aside the initial Judgement. However, the order made on 12 January 2022 to freeze the aggregate amount of approximately RMB37.6 million in the bank accounts remains in effect.

On 20 December 2023, the Court accepted the Plaintiff’s request to continue to freeze certain bank accounts of Zhejiang Huazhang to the amount of approximately RMB37.6 million for an additional year.

On 28 June 2024, Zhejiang Huazhang received a judgement from the courts for the retrial of the first instance case in which the courts awarded the Plaintiff compensation for breach of contract in the amount of RMB32,994,295 which had already been recognised in the consolidated financial statements. A retrial of the second instance case or appeal commenced in August 2024.

On 1 November 2024, Zhejiang Huazhang received the final verdict of the first instance case in which the court awarded the Plaintiff compensation for breach of contract in the amount of RMB28,516,975. The Group settled the amount on 11 November 2024. Based on the final verdict, an over-provision of RMB4,477,320 was recognised and the related restricted bank deposit was released during the year ended 30 June 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

In the first half of 2026, the external environment remained complex and volatile, but China's economy maintained its resilience with the support of macroeconomic policies. According to data released by the National Bureau of Statistics of China, China's gross domestic product (GDP) amounted to approximately RMB69.57 trillion in the first half of 2026, representing a year-on-year increase of 4.7% at constant prices. Value-added output of large-scale industrial enterprises grew by 5.4% year-on-year, while value-added output of large-scale equipment manufacturing enterprises increased by 9.3% year-on-year. Economic performance generally remained within a reasonable range, however, the foundation for the recovery of domestic demand still needs to be strengthened, and corporate investment and capital expenditure decisions continued to be cautious and divergent.

The paper-making industry has been gradually recovering amid adjustments to supply-demand structures, product price competition, and cost fluctuations. According to data released by the National Bureau of Statistics of China, in the first half of 2026, the paper-making and paper products industry among large-scale enterprises achieved an operating revenue of approximately RMB689.79 billion, representing a year-over-year increase of 5.5%. Total profits reached approximately RMB19.61 billion, representing a year-over-year increase of 27.5%. These figures indicated an improvement in industry profitability compared to the low base of the same period last year; however, performance continued to vary across different paper types and enterprises, with those possessing advantages in scale, costs, raw materials, and product mix benefiting relatively more.

China continued to promote the transformation of the manufacturing sector toward high-end, intelligent, and green development through policies such as large-scale equipment upgrades, carbon peaking, the circular economy, energy-efficient equipment, and "AI + Manufacturing." The Action Plan to Achieve Carbon Peaking during the 15th Five-Year Plan period and the Implementation Plan for High-Quality Development of Energy-Efficient Equipment (2026–2028) further enhanced industrial energy efficiency and encouraged the application of high-efficiency motors, intelligent drives, industrial heat pumps, and energy management systems. The "Two New" policies also continued to support equipment upgrade projects in sectors such as manufacturing, energy conservation, carbon reduction, and environmental protection, creating opportunities for technological upgrades of existing production lines. At the same time, the "AI + Manufacturing" initiative and the Industrial Data Foundation Initiative have accelerated the application of artificial intelligence, industrial large models, intelligent operations and maintenance, and digital twins technologies in production processes. In line with the ongoing implementation of mandatory standards such as the "Energy Consumption Limits Per Unit Product in Pulp and Papermaking" (《制漿造紙單位產品能源消耗限

額》), demand from paper-making enterprises for upgrades to energy-efficient paper-making equipment, automated control systems, intelligent operation and maintenance, and environmental protection systems is expected to increase further.

Against this backdrop, the focus of demand in the paper-making equipment market has gradually shifted from solely production capacity expansion to energy conservation, reduced consumption, quality improvement, flexible production, domestic equipment manufacturing, and full-lifecycle services. The adoption of technologies, such as permanent magnet synchronous direct drive, distributed control systems (DCS), paper machine drive control, intelligent monitoring, digital twins, and AI-assisted operations and maintenance, has accelerated. As customer expectations for return on investment, delivery cycles, and operational stability continue to rise, equipment suppliers with capabilities in mechatronics, engineering, procurement, and construction, hardware and software integration, and cross-regional service delivery will gain a competitive edge.

Looking ahead, fluctuations may still arise from raw material and energy prices, the absorption of new industry capacity, environmental protection investments, and the pace of customer capital expenditures. However, equipment upgrades, import substitution, energy conservation and carbon reduction, the construction of smart factories, and the demand for upgrades in niche segments such as tissue paper, specialty paper, and functional packaging materials will continue to provide the paper-making equipment industry with opportunities for medium- to long-term growth.

BUSINESS REVIEW

For the year ended 30 June 2026, the Group's revenue and gross profit amounted to approximately RMB460.7 million and RMB84.7 million, respectively, representing an increase of approximately 7.1% and 14.3% respectively as compared to the corresponding period last year. The Group recorded a loss for the year of approximately RMB21.3 million, compared with a loss of approximately RMB11.4 million for the corresponding period last year. The changes in annual performance were primarily due to a decrease in other income and gains and losses, net during the year.

Paper Making Related Business

Contracts

For the year ended 30 June 2026, the Group's new contract amount was approximately RMB380.4 million, representing a year-on-year decrease of approximately 33.6%. As of 30 June 2026, the outstanding contracts amounted to approximately RMB455.6 million, reflecting the Group's phased achievements in advancing its strategy of "Internal Expansion and Deepening + External Expansion and Breakthrough". During the year under review, the Group continued to consolidate its core domestic business operations, and achieved breakthroughs in overseas markets in terms of business scale and

cooperation models. The Group gradually shifted from supplying individual pieces of equipment to direct sales of end-to-end solutions, and established long-term partnerships with several overseas contractors for paper-making projects, driving the transformation of our overseas business from “implementing individual projects” to “systematic expansion.”

During the year under review, the Group continued to focus on leading paper manufacturers and the high-end paper machine drive market. Contracts secured include Guangxi Jianhui PM7 Paper Machine Permanent Magnet Direct Drive Transmission Project (廣西建暉PM7紙機永磁直驅傳動項目). The paper machine has a width of 6,600 mm, a designed operating speed of 1,200 m/min and an annual production capacity of over 400,000 tonnes. The specialty paper machine for APP Jindong PM6 Project of the Sinar Mas Group (金光集團APP金東PM6項目) has a width of 4,970 mm and a designed operating speed of 1,400 m/min, equipped with permanent magnet direct-drive motors, transmission and rewinder control system. The Group also secured the ND Paper Leshan Base PM60 Main Transmission Project (玖龍紙業樂山基地PM60主傳動項目), further consolidating its cooperation with leading industry participants, and signed a contract with Dongguan Jianhui Paper (東莞建暉紙業) for the PM2 and PM4 drive control systems.

Focusing on High-Quality Delivery and Enhancing Full-Cycle Service Capabilities

The Group remained committed to driving high-quality delivery through “integrated solutions.” During the year under review, several key projects have successively reached important milestones. The Sun Paper PM46 Turnkey Project (太陽紙業PM46總包項目) and PM2 project for Huabang New Materials (華邦新材PM2項目) have successfully commenced production. The WanGuo Sun Paper PM18 Coating machine and Gas System Retrofit Project (萬國太陽PM18塗布機及燃氣系統改造項目) was completed and put into operation within 25 days. The PM5 project for Zhenguan Environmental Protection (振冠環保PM5項目) successfully began paper production in January 2026. Guangxi Xiongfeng Paper PM1 (廣西雄富紙業PM1) successfully commenced operations in February 2026. Equipped with an annual production capacity of approximately 230,000 tonnes, the paper machine is a key component of the company’s high-end specialty paper project of an annual production capacity of 500,000-tonnes. Xinxiang Hongxiang Paper 5960/1000 PM8 (新鄉鴻翔紙業5960/1000 PM8) successfully began operations in March 2026, with a designed annual production capacity of 300,000 tonnes of packaging paper. Jindong Paper PM6 (金東紙業PM6) successfully began operations in April 2026. Jingxing Paper TM7 (景興紙業TM7) successfully began operations in May 2026, equipped with a drive system and DCS control system to support its technical upgrade project for the annual production of 50,000 tonnes of recycled, eco-friendly tissue paper. In addition, more than 200 projects have been carried out in an orderly manner, laying the foundation for future revenue generation and customer service.

The Group has provided individual machines and control systems, and further extends its services to project design, integration, commissioning, training, preventive maintenance, and digitalized operations and maintenance. Through standardized project management and customized engineering solutions, the Group has been committed to shortening commissioning cycles, reducing the risk of customer downtime, and assisting customers in achieving continuous improvement in product quality, energy efficiency, and production stability. During the year under review, the Group continued to refine its project lifecycle management, internal control, and legal systems, and implemented long-term incentive programs and a multi-tiered internal contracting mechanism to strengthen the alignment of authority and responsibility, enhance team dynamism, and improve overall risk resilience.

Hangzhou MCN Paper Tech Co., Ltd (“**Hangzhou MCN**”) consecutively delivered multiple domestically produced hydraulic headboxes with a width of 9,150 mm and a designed speed of 1,200 m/min, and would continue to expand its business in headboxes, precision manufacturing, and key components. During the year under review, Hangzhou MCN has seen strong performance in both production and sales, with growth in both shipments and orders. The company has expanded its business to nearly 20 countries and regions overseas, with export orders accounting for approximately 35% of its total orders. Flagship domestic projects, such as the Wuzhou Specialty Paper PM25 large-scale paper machine project (五洲特紙PM25大型紙機項目) and the Zhejiang Forest Paper 6,600 mm stacked-wire paper machine project (浙江森林紙業6,600毫米疊網紙機項目), have been delivered successively. The project for three shaking-vibrating machine systems at SKIC in Thailand (泰國SKIC三台搖振機系統項目) has been successfully implemented, marking progress in the company’s capability to supply complete sets of equipment overseas. In June 2026, the Tongxiang Integrated Manufacturing Plant successfully completed a batch of export orders for cables and pneumatic components. The first shipment included more than 4,000 cable conduits and more than 2,000 sets of pneumatic cylinder assemblies, reflecting the Group’s continued improvement in precision manufacturing and overseas supply capabilities.

Continuous Technological Innovation to Accelerate the Transition to Smart Systems and Energy Efficiency Upgrades

During the year under review, the Group continued to advance the research, development, and application of permanent magnet synchronous direct-drive systems, intelligent control systems, high-end headboxes, and high-efficiency pulping equipment, in response to the paper-making industry’s needs for energy conservation, carbon reduction, and localization. Following the successful commissioning of the permanent magnet direct-drive retrofit project, Xinjiang Dongshengxiang Paper (新疆東盛祥紙業) secured multiple orders for permanent magnet direct-drive systems. The application of related technology has also expanded from the main drive of paper machines to key scenarios such as shaking tables, MCC auxiliary equipment, and pulp grinding. The specialty paper project of Jindong Paper (金東紙業) has successfully commenced

operations. By overcoming technical challenges such as high machine speeds, high control precision, and fully permanent-magnet direct-drive systems, the project has further demonstrated the Group's integration capabilities in the field of high-end paper machine drives and laid the foundation for the subsequent large-scale adoption of permanent-magnet direct-drive solutions. The Group also continued to optimize the compatibility of variable-frequency and drive solutions, such as the Siemens G120, with domestically manufactured permanent magnet synchronous motors. By integrating paper machine processes, energy data, and operational status, the Group has helped customers improve control accuracy and reduce mechanical maintenance and energy costs.

In terms of digital transformation, the Group has further refined its AI-algorithm-based equipment condition monitoring system, gradually shifting from traditional reactive maintenance to condition monitoring, early warning, and preventive maintenance. Through the integration of "AI + Process + Equipment + Services," the Group has been committed to providing customers with full-lifecycle digital services spanning the equipment, control, and management levels.

The Group continued to invest resources in product research and development. For the year ended 30 June 2026, the Group's research and development expenses amounted to approximately RMB21.1 million with 6 new patent applications. As at 30 June 2026, the Group has a total of 131 invention patents, 180 utility model patents and 40 software copyrights.

Deepening Ecological Cooperation and Strengthening Management Capabilities

The Group adhered to the development philosophy of "aligning with first-class partners and serving leading enterprises," and continued to strengthen its collaboration with domestic and international partners such as Siemens, Rockwell, Inmenda, Schneider, ABB, Voith, Danfoss, Andritz and SKF. The Group has placed great emphasis on customer empowerment and talent development. During the year under review, the Group organized numerous system application training sessions for Siemens, Rockwell, and Inmenda, and held specialized discussions with customers on paper machine selection, drive systems, controls, maintenance, and energy-saving retrofits. These training programs have helped enhance customers' ability to independently operate and maintain their equipment, while also fostering long-term service relationships and identifying opportunities for retrofitting existing production lines.

Meanwhile, the Group signed a strategic cooperation agreement with Shenzhen Invt (深圳英威騰), combining both parties' resources in industrial automation, electric motors, and drive technology to expand its product and technology portfolio for different countries, regions, and paper types. The Group also continued to pursue domestic and international project opportunities through customer visits, technical seminars, and industry trade shows, thereby strengthening its service reach in Southeast Asia and "Belt and Road" markets.

The Group has continued to enhance its quality, environmental, occupational health and safety, and information security management systems. During the year under review, the Company successfully passed the “Made in Zhejiang” standard surveillance audit and the external surveillance audit of the ISO 27001 Information Security Management System, and continued to optimize its project execution, supply chain, precision manufacturing, and risk management processes. To enhance quality and efficiency, the Group has also been gradually strengthening standardized design and services, the reuse of solutions from similar projects, rapid response capabilities, and the alignment of costs with responsibilities. Additionally, the Group has supplemented the team’s capabilities through regular training to enhance delivery efficiency and management quality.

Revitalizing Historic Debts to Advance the Baoshan Project Restructuring

During the year under review, the Group also moved forward with the bankruptcy reorganization of Baoshan Xinshengtai Paper Co., Ltd. (“Baoshan Xinshengtai”). On 28 July 2025, the Group entered into a restructuring investment agreement with Baoshan Xinshengtai and its administrator, with the aim of revitalizing historical claims that had remained unrecovered for years and had previously been written down through participation in the bankruptcy restructuring, while also capitalizing on opportunities for industry consolidation and asset management.

To strengthen its control over the restructuring assets and the voting process, the Group participated in a public auction in December 2025 and successfully bid RMB20.0 million for a portfolio of claims, which included secured claims against Baoshan Xinshengtai. Upon completion of the debt assignment, the Group acquired the relevant secured claims and the associated voting rights in the reorganization proceedings, which will help safeguard the Group’s interests and advance the restructuring plan. On 27 February 2026, 100% of the votes were cast in favor of the restructuring investment agreement and an investment cap of no more than RMB112.0 million at the extraordinary general meeting.

The Board believed that, compared to simply waiting for repayment as an unsecured creditor, actively participating in the restructuring will increase the potential recovery of historical claims and combine the Group’s capabilities in automation, energy-saving upgrades, and project management with Baoshan Xinshengtai’s paper industry assets. Upon completion of the restructuring, the Group intended to move forward with technological upgrades, cost reduction, efficiency improvements, and the resumption of operations, based on a prudent assessment of market conditions, funding, production capacity, environmental protection, and conditions for resuming production. The transfer of shares of Baoshan Xinshengtai have been completed in August 2026 and Baoshan Xinshengtai became our subsidiary.

Renewable Resources Related Business

The Group has always been committed to the development of green and environmentally friendly businesses as well as renewable resources related business. During the year under review, the Group continued to prudently evaluate opportunities for the recycling and processing of renewable resources overseas and maintained communication with potential partners. The relevant team of the Group has more than 20 years of industry experience. Given the long-term market potential of recycled metals and the circular economy, the Group will allocate resources in accordance with risk-return considerations, financing arrangements, and compliance requirements, while seeking synergies with its existing industrial and environmental protection businesses.

FINANCIAL REVIEW

Revenue and gross profit margin

Revenue increased by approximately 7.1% from approximately RMB430.0 million for the year ended 30 June 2025 to approximately RMB460.7 million for the year ended 30 June 2026, the gross profit margin increased slightly from approximately 17.2% for the year ended 30 June 2025 to approximately 18.4% for the year ended 30 June 2026, primarily attributing to cost control efforts contributed by the whole management team under the current economic environments.

(i) Industrial products

Revenue from sales of industrial products decreased by approximately 22.2% from approximately RMB272.6 million for the year ended 30 June 2025 to approximately RMB212.0 million for the year ended 30 June 2026. The gross profit margin of industrial products increased from approximately 15.8% for the year ended 30 June 2025 to approximately 21.1% for the year ended 30 June 2026. Such increase was primarily due to the Group strengthened its cost control during the year ended 30 June 2026.

(ii) Project contracting services

Revenue from project contracting services increased by approximately 104.4% from approximately RMB96.0 million for the year ended 30 June 2025 to approximately RMB196.3 million for the year ended 30 June 2026. The gross profit margin of project contracting services decreased from approximately 24.0% for the year ended 30 June 2025 to approximately 20.2% for the year ended 30 June 2026.

(iii) Environmental products

Revenue from sales of environmental products increased by approximately 77.0% from approximately RMB9.6 million for the year ended 30 June 2025 to approximately RMB17.0 million for the year ended 30 June 2026. Such increase was primarily due to an increase in demand in sludge treatment products and wastewater treatment business from our customers. The gross profit margin of environmental products decreased from approximately 40.5% for the year ended 30 June 2025 to approximately 38.7% for the year ended 30 June 2026.

(iv) Supporting services

Revenue from the provision of supporting services decreased by 28.3% from approximately RMB46.0 million for the year ended 30 June 2025 to approximately RMB33.0 million for the year ended 30 June 2026. The gross profit margin for the provision of supporting services decreased from approximately 17.9% for the year ended 30 June 2025 to approximately 5.0% for the year ended 30 June 2026.

(v) Property investment

Revenue from the rental income from investment properties decreased by approximately 57.5% from approximately RMB5.8 million for the year ended 30 June 2025 to approximately RMB2.4 million for the year ended 30 June 2026. Loss from property investment was RMB9.4 million for the year ended 30 June 2026 as compared with RMB5.4 million for the year ended 30 June 2025.

Selling and distribution expenses

The selling and distribution expenses increased by approximately 12.1% from approximately RMB11.6 million for the year ended 30 June 2025 to approximately RMB13.0 million for the year ended 30 June 2026, accounting for approximately 2.7% and approximately 2.8% of the Group's revenue for the years ended 30 June 2025 and 2026 respectively. The increase in percentage was mainly as a result of the higher travelling cost for marketing activities for the year ended 30 June 2026.

Administrative expenses

The administrative expenses increased slightly from approximately RMB60.5 million for the year ended 30 June 2025 to approximately RMB61.0 million for the year ended 30 June 2026, accounting for approximately 14.1% and approximately 13.2% of the Group's revenue for the years ended 30 June 2025 and 2026 respectively.

Research and development expenses

The research and development expenses decreased by approximately 10.6% from approximately RMB23.6 million for the year ended 30 June 2025 to approximately RMB21.1 million for the year ended 30 June 2026, accounting for approximately 5.5% and approximately 4.6% of the Group's revenue for the years ended 30 June 2025 and 2026 respectively. Decrease in research and development expenses was mainly attributable to a decrease in material used in research and development activities. The Group aimed to improve and enhance the technology and quality of the paper equipment to international standards.

Impairment loss on property, plant and equipment and prepaid land lease payments

For the year ended 30 June 2025, the Group recorded an impairment loss on property, plant and equipment in respect of buildings and prepaid land lease payments of approximately RMB0.5 million and approximately RMB2.7 million respectively, based on the valuation prepared by an independent professional valuer using the market approach. The related leasehold land and building was transferred to investment properties as at 30 June 2025. For the year ended 30 June 2026, no such impairment loss was recorded.

Net impairment losses on financial and contract assets

There was a net impairment losses on financial and contract assets of approximately RMB3.4 million for the year ended 30 June 2026, representing an increase of approximately 170.5% as compared to a net impairment losses of approximately RMB1.2 million for the year ended 30 June 2025. The Group engaged an independent professional valuer to evaluate the expected credit loss of the financial and contract assets. Based on current economic conditions, historical collection experience and outlook, the Group was required to make a further impairment loss on the trade receivables and other receivables of approximately RMB2.3 million and RMB3.3 million, respectively, and a reversal of impairment on contract assets of RMB2.1 million. The Group has strengthened its collection policies and holds on-going discussion with the customers with regard to collection and billings, and will even take legal action if necessary.

Other income and gains and losses, net

Other income and gains and losses, net decreased by 108.9% from a net gain of approximately RMB19.5 million for the year ended 30 June 2025 to a net loss of approximately RMB1.7 million for the year ended 30 June 2026, primarily attributing to (i) an increase in provision of contractual claims of approximately RMB7.7 million; (ii) a decrease in over provision for claims of approximately RMB4.5 million; (iii) a decrease in gain on disposal of property, plant and equipment of approximately RMB3.6 million; and (iv) a decrease in gain on disposal of investments in futures at FVTPL of approximately RMB4.4 million, partially offset by bad debts recovered of approximately RMB4.8 million recognised for the year.

Finance costs, net

Finance costs, net of the Group increased from approximately RMB1.3 million for the year ended 30 June 2025 to approximately RMB3.1 million for the year ended 30 June 2026, primarily attributing to a decrease in interest income and an increase in net foreign exchange loss for the year ended 30 June 2026 as compared with the corresponding period in 2025.

Income tax expense

The Group incurred an income tax expense of approximately RMB2.7 million and RMB3.5 million for the years ended 30 June 2026 and 2025 respectively.

Loss for the year and net loss margin

As a result of the foregoing, loss for the year increased by approximately 86.3% from approximately RMB11.4 million for the year ended 30 June 2025 to approximately RMB21.3 million for the year ended 30 June 2026. The net loss margin increased from approximately 2.7% for the year ended 30 June 2025 to approximately 4.6% for the year ended 30 June 2026.

Loss for the year attributable to the shareholder of the Company

The loss for the year attributable to the shareholders of the Company increased from approximately RMB11.5 million for the year ended 30 June 2025 to approximately RMB21.3 million for the year ended 30 June 2026.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a healthy liquidity position during the year under review. The Group was principally financed by internal resources, loans from banks and equity financing. As at 30 June 2026, the Group had cash and cash equivalent balance amounting to approximately RMB149.1 million (30 June 2025: approximately RMB120.6 million) and interest-bearing loans amounting to approximately RMB60.0 million (30 June 2025: approximately RMB98.1 million).

BORROWINGS AND CHARGES OF ASSETS

As at 30 June 2026, the Group's borrowings were approximately RMB60.0 million (30 June 2025: RMB98.1 million), which will be repayable within 1 year. Such loans were all denominated in RMB, and bore an average interest rate of 3.32% per annum (30 June 2025: all denominated in RMB, and bore an average interest rate of 3.32% per annum).

As at 30 June 2026, the banking facilities granted to the Group were secured by property, plant and equipment, investment properties and prepaid land lease payments of the Group amounting to approximately RMB16.7 million, RMB147.9 million and RMB2.5 million respectively (30 June 2025: approximately RMB13.8 million, RMB157.5 million and RMB2.6 million respectively).

GEARING RATIO

The gearing ratios as at 30 June 2026 and 2025 were approximately 13.3% and 19.1%, respectively. Based on the gearing ratio as at 30 June 2026, the Group still maintained a good financial position.

Gearing ratio is calculated based on the total interest-bearing loans at the end of the year divided by total interest-bearing loans plus total equity at the end of the respective year and multiplied by 100%.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed elsewhere in this announcement, the Group (i) did not perform any material acquisition or disposal of subsidiaries, associates or joint ventures or investments during the year ended 30 June 2026; and (ii) did not hold any significant investment as at 30 June 2026.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed elsewhere in this announcement, the Group did not have future plans for material investments and capital assets during the year ended 30 June 2026 and up to the date of this announcement.

CAPITAL EXPENDITURE

For the year ended 30 June 2026, the Group's capital expenditure amounted to approximately RMB0.8 million (2025: RMB5.0 million).

CAPITAL COMMITMENTS

As at 30 June 2026, the Group had no material capital commitments (30 June 2025: Nil).

CONTINGENT LIABILITIES

Save as disclosed elsewhere in this announcement, the Group had no material contingent liabilities as at 30 June 2026 (30 June 2025: Nil).

TREASURY POLICY

The Group had a sufficient level of cash and banking facilities for the conduct of its trade in the normal course of business during the year ended 30 June 2026. The management will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of any future growth opportunities.

FOREIGN CURRENCY RISK

The Group's transactions are mainly denominated in Renminbi, United States Dollars and Hong Kong Dollars. The exchange rate changes of such currencies were monitored regularly and managed appropriately.

The RMB is not freely convertible. There is a risk that the Chinese government may take actions affecting exchange rates which may have a material adverse effect on the Group's net assets, earnings and any dividends it declares if such dividend is to be exchanged or converted into foreign exchange. The Group will enter into foreign currency forward contracts to manage and reduce the risk involved in the net position in each foreign currency, if necessary.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2026, the Group had 215 employees (30 June 2025: 207 employees), including the Directors. Total staff costs (including Directors' emoluments) for the year ended 30 June 2026 were approximately RMB57.8 million, as compared with approximately RMB55.7 million for the year ended 30 June 2025. The remuneration of employees is determined based on job nature and market conditions, combined with increment on performance appraisal and year-end bonus which are designed to stimulate and award employee's individual performance. In addition to cash compensation and benefits, we may issue share options to our employees in accordance with our equity plans. During the year, the Group continued its commitment to employees' training and development programme.

FUTURE PROSPECTS

Looking ahead to year 2026/27, the paper-making industry will remain in a phase of structural adjustment and transformation and upgrading. In the short term, factors such as customer profitability, project financing, raw material and energy prices, and the absorption of new production capacity may affect the pace of equipment investment. In the medium to long term, equipment upgrades, stricter energy efficiency standards, digital transformation, import substitution, and overseas investments in the paper industry will continue to drive demand for high-end paper-making equipment and full-lifecycle services. The Group will focus on capitalizing on three major opportunities: the retrofitting of existing production lines, the shift toward domestically produced alternatives, and green intelligent manufacturing. We will remain committed to deepening our expertise in our core business while expanding new growth areas, all while exercising prudent risk management.

The Group will use strategic resolve to strengthen the foundation of its core business, leverage the driving force of innovation to enhance its technological self-reliance, and harness the vitality of its talent to solidify its long-term competitiveness. In terms of technology and products, the Group will deepen the integration and innovation of "AI + process + equipment + service" across all stages of the industrial chain, continuously enhance its research and development and commercialization capabilities in permanent magnet synchronous direct drive systems, intelligent control, high-end headboxes, high-efficiency pulping equipment, and digital operations and maintenance platforms, accelerate the iteration of core technologies, and refine high-value-added, differentiated integrated solutions. In terms of operations, the Group will upgrade its service system, promote standardized design and services, reuse of solutions from similar projects, establish rapid response mechanisms, and continue to expand its portfolio of turnkey projects. Meanwhile, the Group will strengthen management of the full-lifecycle, cash flow, and accounts receivable of projects to enhance delivery quality, operational efficiency, and profit resilience.

The Group will also deepen its ecosystem synergies with leading domestic and international partners, expand into Southeast Asia, the Middle East, Africa, and other “Belt and Road” markets, and advance long-term cooperation with overseas turnkey contractors for paper-making projects, aiming to serve customers with more competitive end-to-end integrated solutions. The Group will continue to fully leverage its strengths in fully integrated mechatronics, and steadfastly implement a development strategy that combines “deepening international cooperation” with “domestic self-reliance and control”, with both driving growth and mutually reinforcing each other, with an aim to establish itself as a leading provider of end-to-end intelligent manufacturing solutions for the paper-making industry.

2021 PLACING OF NEW SHARES AND SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

On 2 March 2021, the Company and Dao He Investment Limited (the “Subscriber”), a company incorporated in the British Virgin Islands with limited liability, entered into a subscription agreement pursuant to which the Company has agreed to allot and issue, and the Subscriber has agreed to subscribe for, an aggregate of 153,846,153 ordinary shares as subscription shares (with a nominal value of HK\$1,538,461.53) at the subscription price of HK\$0.65 per subscription share, which was already approved at an extraordinary general meeting held on 28 April 2021. The subscription price of HK\$0.65 per subscription share represented a discount of approximately 22.62% to the closing price of HK\$0.84 per share as quoted on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on the date of the subscription agreement. Taking into account the Company’s expenses for the subscription, the net price was approximately HK\$0.65 per share. On 29 April 2021, Mr. Fang Hui, the ultimate beneficial owner of the Subscriber, was appointed as executive director of the Company.

The net proceeds from the issue of the subscription shares were approximately HK\$100 million. As disclosed in the Company’s announcement dated 2 March 2021 and the circular dated 13 April 2021, the Company intended to utilise the proceeds from such subscription towards the costs of purchasing and leasing plants and machineries for the Dubai Recycling Project. Subsequently, as disclosed in the announcement of the Company dated 8 June 2021, such proceeds would temporarily be used as working capital to purchase waste material for processing and/or re-sale.

As at 30 June 2026, the Group has temporarily used the proceeds from the subscription of approximately HK\$3.8 million as working capital to purchase waste material for processing and/or re-sale and the unused balance of approximately HK\$96.2 million was currently placed into deposits and/or money market instruments. It was expected that the remaining unutilised net proceeds from the subscription would be fully utilised by the end of 2026 for temporary use as working capital for the purchase of waste materials for processing and/or re-sale. The expected timeline for use of unutilised proceeds is based on the Group’s best estimate of future market conditions, subject to current and future changes of market developments.

Details in relation to the subscription of new shares under specific mandate are disclosed in the announcements of the Company dated 2 March 2021, 28 April 2021, 10 May 2021 and 8 June 2021, and the circular of the Company dated 13 April 2021.

USE OF PROCEEDS FROM OPEN OFFER

On 18 April 2024, the Group has successfully issued and allotted 532,044,689 new ordinary shares (with a nominal value of HK\$5,320,446.89) at HK\$0.20 per share (a discount of approximately 25.93% over the closing price of HK\$0.27 per share as quoted on the Stock Exchange on 11 March 2024, the latest practicable date, for the prospectus dated 15 March 2024 (“Prospectus”) and a discount of approximately 49.37% over the closing price of HK\$0.395 per share as quoted on the Stock Exchange on the date of the underwriting agreement and the placing Agreement, 1 December 2023) through an open offer (the “Open Offer”) to existing Shareholders on the basis of one open offer share for every two existing shares held by the qualifying shareholders on 16 February 2024, the record date. The net price per Open Offer share is approximately HK\$0.196. The gross proceeds raised from the Open Offer are approximately HK\$106.0 million and the net proceeds from the Open Offer after deducting the relevant expenses are approximately HK\$104.5 million, which would be used for (i) repayment of bank loans; (ii) the expansion of the Company’s industrial automation and other related businesses and the supporting services; and (iii) general working capital of the Company.

The Board believes that it would be in the interest of the Company to raise equity funding via the Open Offer to facilitate long-term development of the Group and to save financial costs to be incurred for the Company’s funding needs. In addition, the Open Offer would allow the Company to strengthen its capital base and provide an opportunity to all shareholders (other than the non-qualifying shareholders) to participate in the growth of the Company in proportion to their shareholdings.

The table below sets out the proposed application and the status of utilisation of the net proceeds from the Open Offer as at 30 June 2026:

	Planned	Net proceeds utilised as at 30 June 2026	Net proceeds unutilised as at 30 June 2026
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
Repayment of bank loans	68,620	68,620	—
Expansion of the Company’s industrial automation and other related businesses and the supporting services	31,380	—	31,380
General working capital	4,500	4,500	—
	<u>104,500</u>	<u>73,120</u>	<u>31,380</u>

As at 30 June 2026, the Group has used the proceeds from the Open Offer of approximately HK\$73.1 million and the unused balance of approximately HK\$31.4 million was currently placed into deposits and/or money market instruments. The remaining unutilised net proceeds was expected to be fully utilised by the end of 2026 for expansion of the Company's industrial automation and other related business and the supporting services. The expected timeline for use of unutilised proceeds is based on the Group's best estimate of future market conditions, subject to current and future changes of market developments.

Details in relation to the Open Offer are disclosed in the Prospectus, the circular of the Company dated 12 January 2024 and the announcements of the Company dated 1 December 2023, 11 April 2024 and 17 April 2024.

USE OF PROCEEDS FROM THE LISTING BY WAY OF PLACING

The shares of the Company were listed on the Stock Exchange on 16 May 2013 (the "Listing Date") by way of placing, raising total net proceeds of approximately HK\$48.1 million after deducting professional fees, underwriting commissions and other related listing expenses (the "Net Proceeds").

References are made to (i) the prospectus of the Company dated 9 May 2013 in relation to the listing on the GEM of the Stock Exchange (the "Listing"), which sets out the intended use of the Net Proceeds from the Listing; and (ii) the announcement of the Company dated 23 December 2014 in relation to the transfer of listing from the GEM to the Main Board of the Stock Exchange and (iii) the announcement of the Company dated 31 March 2022 regarding the change in use of the Net Proceeds. Since the Listing Date and up to 31 December 2021, the Company has utilised approximately RMB26.3 million out of the Net Proceeds. The amount of Net Proceeds which remains unutilised (the "Unutilised Net Proceeds") as at 31 December 2021 was approximately RMB21.8 million. Having carefully considered the business environment and development needs of the Group, on 31 March 2022, the Board has resolved to change the proposed use of the Unutilised Net Proceeds in the amount of approximately RMB21.8 million, which was originally allocated for the purposes of (i) increasing production capacity; (ii) cost saving construction; and (iii) increasing market awareness and image of the Group, to the following purposes: (i) approximately RMB8 million for the repayment of bank loan and other borrowings; (ii) approximately RMB5 million for research and development expenses; and (iii) approximately RMB8.8 million for administrative and management expenses, of which approximately RMB3 million, approximately RMB1.5 million, approximately RMB3 million and approximately RMB1.3 million will be used for salary adjustment of key employees, hiring additional employees, settling legal and professional advisers' expenses and other corporate purposes, respectively.

Set out below is the original and revised allocation of the Net Proceeds and the actual use of the Net Proceeds from the Listing Date to 30 June 2026:

	Original planned use of the Net Proceeds <i>RMB'000</i>	Reallocation of Unutilised Net Proceeds as at 31 March 2022 <i>RMB'000</i>	Revised use of the Net Proceeds <i>RMB'000</i>	Actual use of Net Proceeds from the Listing Date to 30 June 2026 <i>RMB'000</i>	Unused Net Proceeds as at 30 June 2026 <i>RMB'000</i>
Increase production capacity	23,521	(5,222)	18,299	18,299	–
Cost saving construction	15,709	(15,709)	–	–	–
Continuous product development and innovation	5,208	–	5,208	5,208	–
Increase market awareness and image of the Group	3,385	(869)	2,516	2,516	–
Improve the current information management system	260	–	260	260	–
Repayment of bank loan and other borrowings	–	8,000	8,000	8,000	–
Research and development expenses	–	5,000	5,000	5,000	–
Administrative and management expenses					
— Salary adjustment for key employees	–	3,000	3,000	3,000	–
— Hiring of additional employees	–	1,500	1,500	1,500	–
— Legal and professional advisers’ expenses	–	3,000	3,000	3,000	–
— Other general corporate purposes	–	1,300	1,300	1,300	–
	<u>48,083</u>	<u>–</u>	<u>48,083</u>	<u>48,083</u>	<u>–</u>

As at 30 June 2026, the Group had fully utilised all Net Proceeds on the manner as set out above.

SHARE OPTION SCHEME

A share option scheme of the Company (the “Share Option Scheme”) was approved and adopted by the shareholders of the Company at its extraordinary general meeting held on 10 February 2022 (the “Adoption Date”) in replacement of the share option scheme adopted on 6 May 2013 and effective on 16 May 2013 (the “2013 Share Option Scheme”) and that no further options of the Company can be offered or granted under the 2013 Share Option Scheme since 10 February 2022.

During the year ended 30 June 2026, no share options were granted and exercised under the Share Option Scheme.

As at the date of this announcement, no share option is exercised or granted under the Share Option Scheme. Further details of the options will be disclosed in the annual report.

COMPETING INTERESTS

For the year ended 30 June 2026, the Directors are not aware of any business or interest of the Directors, the substantial shareholders of the Company or any of their respective associates had engaged in any business that competes or is likely to compete, either directly or indirectly, with the business of the Group and any other conflicts of interests which any such person has or may have with the Company.

CORPORATE GOVERNANCE PRACTICES

The Board reported that the Company has complied with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Part 2 of Appendix C1 of the Listing Rules for the year ended 30 June 2026, except the following deviation:

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive should be clearly established and set out in writing. Mr. Fang Hui has been appointed as the chairman of the Board from 3 May 2024. Following the resignation of Mr. Wang Ai Yan as an executive Director and the Chief Executive Officer (the “CEO”) of the Company on 1 December 2022, the Company has not appointed an individual to take up the vacancy of the CEO. The role and function of the CEO have been performed by all the executive Directors collectively.

The daily operation and management of the Company is monitored by the executive directors as well as the senior management. The Board is of the view that the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals and meet from time to time to discuss issues affecting operation of the Company. The Board has been nevertheless reviewing the structure and composition of the Board from time to time in light of prevailing circumstances.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code for the year ended 30 June 2026 and they all confirmed that they have fully complied with the required standard set out in the Model Code.

EVENTS AFTER THE REPORTING PERIOD

The Group had no material events after the reporting period.

AUDIT COMMITTEE

The audit committee (the “Audit Committee”) of the Company was established on 6 May 2013. The primary duties of the Audit Committee are mainly to review the financial systems of the Group; to review the accounting policy, financial position and financial reporting procedures of the Group; to communicate with external auditors; to assess the performance of internal financial and audit personnel; and to assess the risk management and internal controls of the Group. The Audit Committee consists of three independent non-executive Directors namely, Mr. Heng, Keith Kai Neng, Mr. Yao Yang Yang and Ms. Zhang Dong Fang. The Audit Committee is chaired by Mr. Heng, Keith Kai Neng.

The Audit Committee has discussed with the management about the accounting principles and policies adopted by the Group and discussed risk management, internal controls and financial reporting matters including a review of the Group’s consolidated financial statements for the year ended 30 June 2026.

SCOPE OF WORK OF KTC PARTNERS CPA LIMITED

The financial figures in respect of the Group’s results for the year ended 30 June 2026 as set out in this announcement have been agreed by the Company’s auditor, KTC Partners CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year ended 30 June 2026. The work performed by KTC Partners CPA Limited in this respect does not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KTC Partners CPA Limited on this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the year ended 30 June 2026.

The Company did not have any treasury shares (as defined under the Listing Rules) as at 30 June 2026 and as at the date of this announcement.

ANNUAL GENERAL MEETING

The 2026 annual general meeting (“AGM”) will be held on Friday, 27 November 2026. Shareholders should refer to details regarding the AGM in the circular of the Company, the notice of AGM and form of proxy accompanying thereto which will be published in due course as required under the Listing Rules.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 30 June 2026 (2025: nil).

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the Stock Exchange’s website at www.hkexnews.hk and the Company’s website at www.hzeg.com. The 2026 annual report containing all the information required by Appendix D2 to the Listing Rules will be published on the abovementioned websites in due course and despatched to the shareholders of the Company, upon request.

By order of the Board
Huazhang Technology Holding Limited
Fang Hui
Chairman

Hong Kong, 29 September 2026

As at the date of this announcement, the executive Directors are Mr. Fang Hui (Chairman), Mr. Chen Hongwei and Mr. Cai Haifeng and the independent non-executive Directors are Mr. Heng, Keith Kai Neng, Mr. Yao Yang Yang and Ms. Zhang Dong Fang.