

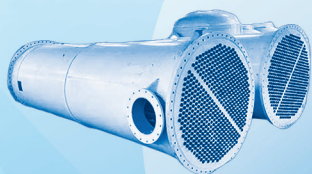
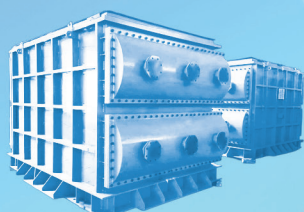


RUICHANG INTERNATIONAL HOLDINGS LIMITED
瑞昌國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

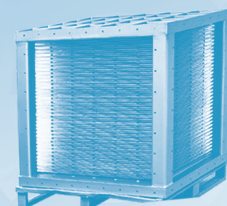
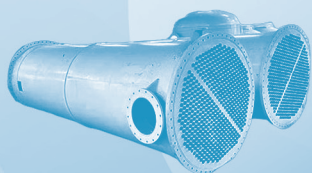
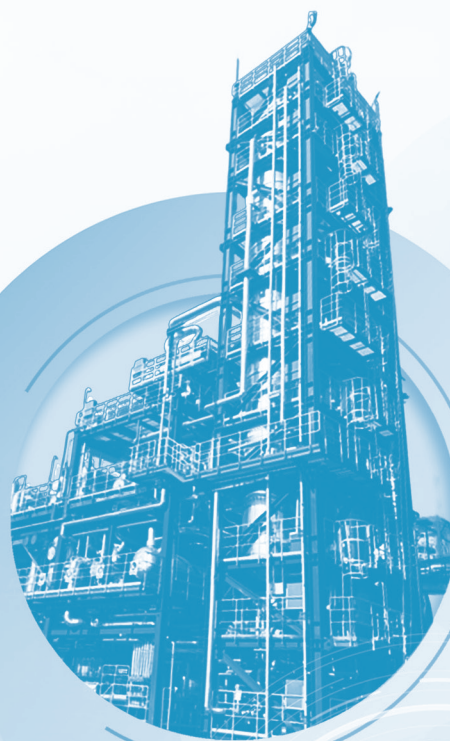
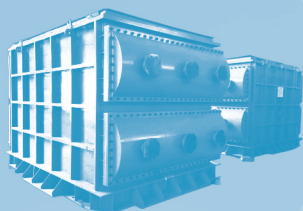
Stock Code: 1334

2025
ANNUAL REPORT



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DEFINITIONS

In this annual report, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“Audit Committee”	the audit committee of the Board
“AGM”	the annual general meeting to be held by the Company at 22 May 2026
“Articles of Association”	the Memorandum and Articles of Association of the Company, as amended from time to time
“Board”	the board of directors of our Company
“Callidus”	Callidus Combustion Technologies and Equipment (Shanghai) Co., Ltd. (凱勒特燃燒技術與設備(上海)有限公司), an affiliate of Honeywell International and an Independent Third Party
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules as amended or supplemented from time to time
“Chief Executive Officer”	the chief executive officer of our Company
“China” or “PRC”	the People’s Republic of China, but for the purpose of this report and for geographical reference only and except where the context requires otherwise, references in this report to “China” and the “PRC” do not apply to Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Company” or “our Company”	RUICHANG INTERNATIONAL HOLDINGS LIMITED (瑞昌國際控股有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1334)
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and in this context, refers to Mr. Lu Bo, Riches Development, Now Wealth Limited, One Ideal Limited, Ms. Lu Xiaojing, Richen Development, LXJ Limited and Lady Jing Limited, for further details of which, please refer to the section headed “Relationship with Our Controlling Shareholders” in the Prospectus
“date of this annual report”	20 March 2026
“Director(s)” or “our Director(s)”	the director(s) of our Company
“Global Offering”	the Hong Kong Public Offering and the International Placing
“Group”, “our Group”, “we”, “us” or “our”	our Company and its subsidiaries or, where the context otherwise requires, in respect of the period before our Company became the holding company of our present subsidiaries, the present subsidiaries of our Company and the businesses carried on by them or their predecessors (as the case may be)
“HK\$” or “HKD”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

DEFINITIONS

“Honeywell International”	Honeywell International Inc., a listed company in U.S. Stock Exchange, which is a diversified technology and manufacturing company providing products and services, including specialty chemicals and processing technology for refining and petrochemicals
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	10 July 2024
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules, as amended or supplemented from time to time
“Nomination Committee”	the nomination committee of the Board
“Post-IPO Share Option Scheme”	the share option scheme adopted by our Company on 24 June 2024, as amended from time to time
“Prospectus”	the prospectus of the Company dated 28 June 2024
“Reporting Period”	the year ended 31 December 2025
“Remuneration Committee”	the remuneration committee of the Board
“RMB”	Renminbi, the lawful currency of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of our Company with a par value of US\$0.00001 each
“Share Option(s)”	the share option(s) granted or to be granted pursuant to the terms and conditions of the Post-IPO Share Option Scheme
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$” or “USD”	United States dollars, the lawful currency of the United States
“%”	per cent

In this annual report, unless otherwise indicated, the terms “associate”, “associated corporation”, “connected person”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms under the Listing Rules.

CORPORATE INFORMATION

COMPANY NAME

RUICHANG INTERNATIONAL HOLDINGS LIMITED
(瑞昌國際控股有限公司)

DIRECTORS

Executive Directors

Mr. LU Bo (陸波) (Chairman and Chief Executive Officer)
Ms. LU Xiaojing (陸曉靜)
Ms. BAI Wei (白薇)
Mr. SHAO Song (邵松)
Ms. WU Rui (吳瑞)

Independent Non-executive Directors

Mr. BAU Siu Fung (鮑小豐)
Mr. SHEN Cheng (沈誠)
Mr. JIANG Li (蔣勵) (Appointed on 19 May 2025)
Mr. TU Shenwei (塗申偉) (Resigned on 19 May 2025)

AUDIT COMMITTEE

Mr. JIANG Li (蔣勵) (Chairman)
(Appointed on 19 May 2025)
Mr. BAU Siu Fung (鮑小豐)
Mr. SHEN Cheng (沈誠)
Mr. TU Shenwei (塗申偉) (Resigned on 19 May 2025)

REMUNERATION COMMITTEE

Mr. JIANG Li (蔣勵) (Chairman)
(Appointed on 19 May 2025)
Mr. BAU Siu Fung (鮑小豐)
Mr. SHEN Cheng (沈誠)
Mr. TU Shenwei (塗申偉) (Resigned on 19 May 2025)

NOMINATION COMMITTEE

Mr. SHEN Cheng (沈誠) (Chairman)
(Appointed on 30 June 2025)
Mr. LU Bo (陸波) (Chairman)
(Resigned on 30 June 2025)
Mr. JIANG Li (蔣勵) (Appointed on 19 May 2025)
Ms. LU Xiaojing (陸曉靜) (Appointed on 30 June 2025)
Mr. TU Shenwei (塗申偉) (Resigned on 19 May 2025)

SANCTIONS OVERSIGHT COMMITTEE

Mr. SHEN Cheng (沈誠) (Chairman)
Ms. WU Rui (吳瑞)
Mr. FU Cong (付聰) (Resigned on 31 July 2025)

JOINT COMPANY SECRETARIES

Ms. GUO Haiyang (郭海洋)
(Appointed on 23 December 2025)
Ms. KWOK Yan Ting Jennis (郭恩廷)
(Appointed on 20 March 2026)
Mr. CHOW Shing Lung (鄒醒龍)
(Appointed on 29 September 2025 and
resigned on 20 March 2026)
Mr. LEE Chung Shing (李忠成)
(Resigned on 29 September 2025)
Mr. FU Cong (付聰) (Resigned on 31 July 2025)

AUTHORIZED REPRESENTATIVES

Mr. LU Bo (陸波)
Mr. LEE Chung Shing (李忠成)
(Resigned on 29 September 2025)
Mr. CHOW Shing Lung (鄒醒龍)
(Appointed on 29 September 2025 and
resigned on 20 March 2026)
Ms. KWOK Yan Ting Jennis (郭恩廷)
(Appointed on 20 March 2026)

AUDITOR

ZHONGHUI ANDA CPA Limited

23/F Tower 2
Enterprise Square Five
38 Wang Chiu Road
Kowloon Bay
Kowloon, Hong Kong

LEGAL ADVISER

As to Hong Kong law:

O'Melveny & Myers

31/F, AIA Central
1 Connaught Road Central
Hong Kong

As to PRC law:

Duan and Duan Law Firm

11th Floor, Shanghai World Finance Center
100 Century Avenue
Pudong District, Shanghai, PRC

COMPLIANCE ADVISER

First Shanghai Capital Limited

19/F., Wing On House
71 Des Voeux Road Central
Hong Kong

CORPORATE INFORMATION

REGISTERED OFFICE

PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

20/F.,
Area A, Kaike International Building
No. 1801, Hongmei Road,
Xuhui District
Shanghai, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 3711, 37/F, Hopewell Centre
No.183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited

PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

PRINCIPAL BANKS

China Construction Bank Corporation

Luoyang Free Trade Zone Branch
11 Heluo Road
Jianxi District
Luoyang City, Henan Province
PRC

China CITIC Bank

Luoyang Gucheng Branch
No. 101, Building 11, Shuangxi Buluo III
53 Binhe South Road
Luolong District
Luoyang City, Henan Province
PRC

Bank of China

Shanghai Xinzhuang Branch
18 Guangtong Road, Minhang District
Shanghai
PRC

Bank of Communications

Shanghai Caohejing Branch
900 Yishan Road
Xuhui District, Shanghai
PRC

STOCK CODE

1334

COMPANY WEBSITE

www.ruichang.com.cn

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2025, the lingering complexity and changes in international political and economic environment, together with factors such as geopolitical conflicts, trade protectionism and the restructuring of global industrial chains, continued to impact the recovery pace of global economy. In the global oil market, proactive supply-side expansion and weak demand-side recovery expectation coexisted. Due to such structural contradiction, Brent crude oil prices finally dropped and fell by nearly 18% for the year, from a peak of USD77.25/barrel at the beginning of the year to USD60.91/barrel at the end, with the expected average price for the year falling within the range of USD65 to USD75/barrel and the EIA's forecast price being USD68.91/barrel. The geopolitical risks (such as the escalation of the Russia-Ukraine conflict and the Iran-Israel conflict) posed increasingly short-term and impulsive shock on oil prices, and the reverse of the overall downward trend for the year failed.

According to the International Energy Agency ("IEA")'s *World Energy Investment 2025* report, global investment in refinery declined in 2024 and was expected to fall sharply to below USD30 billion in 2025, marking a ten-year low. This trend stood in stark contrast to the investment boom seen prior to 2023. According to the projection by IEA, the oil demand in Southeast Asia will rise from the current 5 million barrels per day to 6.4 million barrels per day by 2035, accounting for 25% of the global increase in energy demand, and the Southeast Asia market may thus emerge as a new growth driver.

According to data for domestic market, SINOPEC Engineering secured new contracts worth RMB101.248 billion in 2025, representing a mere 0.6% increase from 2024, far below the growth rates seen before 2023, which indicated that the overall investment in the industry had shifted from a phase of rapid expansion to one of steady growth, with new capacity additions primarily focusing on technical transformation and upgrade projects rather than the construction of new large-scale refineries. In 2025, in China's petrochemical industry, a phase for crucial bridging construction for policy environment was concluded, and a comprehensive transformation framework was established. This framework was guided by the objectives of the "15th Five-Year" Plan and rested on the three pillars of "capacity constraints, green drivers, innovation incentives". This framework marked a fundamental shift in the industry's development logic: a wholesale transition from extensive growth centered on scale expansion to intensive development focused on high-quality growth.

The "15th Five-Year" Plan has, for the first time, prospectively set the grand goal of "building a world-leading energy powerhouse". On the policy front, a potent combination of measures of "controlling incremental capacity and transforming existing capacity" has been adopted. The capacity policy of "eliminating outdated capacity and upgrading existing stock" is essentially an "anti-involution" measure to address low-level redundant construction in the industry, thereby freeing up market space for advantageous enterprises and high-end production capacity. China's petrochemical industry continues to advance the integration of refining and chemical engineering and the construction of large-scale petrochemical bases, leading to a continuous increase in industrial scale and concentration. Concurrently, high-end chemical materials, new energy materials, and green, low-carbon technologies are gradually emerging as new growth drivers for the sector. Driven by the rapid development of downstream industries such as new energy vehicles, electronic information and advanced materials, the demand for high-performance chemicals and new materials is persistently increasing.

In 2025, for the petrochemical industry, the "Dual Carbon" strategic goals were further translated into a specific and assessable green action plan. Within the sector, environmental protection and energy conservation are transforming from "soft constraints" into "hard indicators" which are crucial for corporate survival. Looking at industry development trends, the green and low-carbon transition has become a key direction, and the application of energy conservation, emission reduction, recycling and low-carbon technologies are continuously deepening.

MANAGEMENT DISCUSSION AND ANALYSIS

Looking ahead, investment in petrochemical refineries will continue to evolve towards high-end, green and globalized development. Traditional refining capacity will be gradually phased out or upgraded, while integrated refining and chemical complexes, high-end new chemical materials, and green, low-carbon projects are likely to become the mainstream focus of investment.

WORK PRIORITIES FOR 2025

1. Focusing on the Strengthening of Technological Capabilities for the Core Business and Enhancing Manufacturing Capacity to Solidify the Foundation

The Company remained committed to driving high-quality development through technological innovation, continuously reinforcing its core manufacturing capabilities and iteratively advancing R&D to consolidate its technological competitiveness.

In May 2025, the ownership and operational management rights of the Honeywell-Ruichang Joint Asia-Pacific R&D and Testing Center were officially transferred to the Company. The Combustion Testing Center now offers market-oriented third-party testing services across China and the Asia-Pacific region, operating in compliance with industry standards. In August, the Intelligent Factory was officially commissioned, significantly boosting the production capacity of core products such as heater burners, waste heat recovery systems, and complete energy-saving equipment. This modern facility which integrates “intelligent manufacturing + clean production” stands as a tangible example of Ruichang International’s commitment to the “Dual Carbon” goals.

In November, the Company successfully delivered the world’s first EPC incineration system for waste gas and liquid as part of a carbon dioxide-ethane coupled carbonylation integrated project, fully demonstrating its system integration capabilities in the high-end environmental protection equipment sector. By continuously strengthening the integration of design, manufacturing and testing, and leveraging the dual advantages of “leading manufacturing capabilities + modular EPC”, the Company has accelerated its transformation and upgrading from a single equipment manufacturer to a modular EPC engineering provider. This strategic shift has enabled the Company to effectively respond to market fluctuations and maintain a stable business foundation.

2. Accelerating Overseas Business Expansion and Deepening Regional Presence

In 2025, the Company entered an accelerated phase in executing its internationalization strategy, with a focus on high-growth markets such as the Middle East and North Africa. A subsidiary was successfully established in Dubai, creating a regional business platform covering the Middle East and extending into North Africa. In response to the demands in local oil, gas and petrochemical industries, we initiated project discussions in GCC countries including the UAE, Oman and Kuwait, established in-depth cooperative partnerships with multiple owner-operated EPC companies, and successfully secured our inclusion in the supplier list of the Abu Dhabi National Oil Company (ADNOC), qualifying as an approved supplier for its refinery and core oil and gas equipment, which marks the Company’s formal entry into the supply chain system of the Middle East’s high-end energy market.

At the operational level, the natural gas system skid-mounted unit was successfully shipped to Bahrain, marking a high-quality “going global” achievement under the “Made in China + Modular EPC” model. The Company also independently completed its first Torch project in the Middle East, achieving a breakthrough in core equipment technology and validating its engineering execution capabilities in this key market. In 2025, the Company cumulatively secured over 20 new overseas clients, primarily from the oil and gas industry across the Middle East and North Africa. While ensuring the high-quality delivery of existing orders, the Company continuously strengthened its sales and technical support teams in the Middle East. By optimizing localized product structures and service models, it significantly enhanced its responsiveness in the region, driving sustainable growth of its overseas business.

MANAGEMENT DISCUSSION AND ANALYSIS

3. Advancing the Phosphorus Resources Circular Economy to Set a Green Benchmark

The Company actively responds to the national circular economy strategy, positioning phosphorus resource recovery as a key pillar of its green transformation. In June 2025, the full-scale construction of the first “livestock and poultry manure phosphorus resource recovery” project in China commenced in Huangshan City. Following multiple rounds of technical optimization, the Company successfully developed an internationally pioneering phosphorus recovery process route in 2025, integrating “thermal enrichment — wet extraction”. The construction of the main structures of the project’s plant and auxiliary buildings have been largely completed, and the installation of major activation equipment is substantially finished.

This project focuses on phosphorus pollution control, phosphorus-containing waste treatment and related resource recovery technologies, aiming to promote the synergistic development of resource recycling and environmental governance. With the widespread application of phosphorus resources, the security of China’s phosphate rock supply is becoming increasingly critical. According to the latest data from the USGS Mineral Commodity Summaries 2025, China’s phosphate rock reserves stand at approximately 3.7 billion tons, accounting for only 5% of the global total of 74 billion tons. Moreover, the reserve-to-production ratio in China is merely 34, far below the global average of 308. At the current rate of extraction, the resource guarantee period is less than 30 years, highlighting a stark contradiction between excessive mining and sustainable resource utilization.

Against this backdrop, the completion of the phosphorus resource recovery project in Huangshan will effectively help fill the gap in China’s phosphate rock reserves, alleviating the shortage of high-quality phosphate resources while simultaneously addressing the challenge of agricultural non-point source pollution. The Company is accelerating the expansion of this initiative, planning to rapidly replicate and promote the project following the successful operation of the inaugural facility in Huangshan, aiming to establish a standardized and scalable business model for phosphorus resource recovery, so as to contribute to the enhancement of China’s sustainable phosphorus resource security and set a green benchmark in the circular economy sector.

4. Deepening Customer Service Engagement, Steadily Advancing Technological Innovation and Market Expansion

In 2025, the Company strategically focused on exploring customer needs and extending service value, accelerating its transformation from a single equipment supplier to a full-lifecycle service partner. In the high-end equipment service sector, during the first half of the year, the Company was entrusted by Callidus, a subsidiary of Honeywell’s UOP, to fully take over the after-sales service business of the Callidus brand in the Chinese market. This encompasses the entire service chain, including equipment maintenance, technical support, spare parts supply, and customer training, and the Company was granted an exclusive cooperation license for the Chinese market. This collaboration not only underscores the Company’s professional capabilities and brand recognition in the after-sales service sector but also, by integrating Honeywell’s global technological resources with local rapid-response advantages, has established a new dual-engine model of “International Technology + Local Service”, which lays a solid foundation for expanding into high-end customer segments and enhancing service added value.

In the new energy and emerging business sectors, the Company actively diversified its application scenarios: it successfully implemented a cold storage system pilot project for Meituan’s Xiexiang Supermarket, entering the new track of energy storage for cold chain logistics; it provided in-depth services for domestic hydrogen production projects, leveraging its core strengths in engineering equipment and design capabilities to participate in the commercialization of new hydrogen production technologies; concurrently, it advanced the pilot-scale testing of molten sulfur energy storage technology and the market-oriented application of biomass gasification technologies, establishing a technological reserve framework of “clean utilization of traditional energy + diversification of new energy”.

MANAGEMENT DISCUSSION AND ANALYSIS

Through the dual-engine approach of expanding service boundaries and innovating technological scenarios, the Company is accelerating the construction of an integrated business ecosystem encompassing “equipment + service + operation”. This strategy continuously enhances customer loyalty and repurchase rates, injecting new momentum into its long-term sustainable development.

5. Analysis of Operating Results in 2025

During the Reporting Period, the Group achieved revenue of RMB502.0 million (2024: RMB444.2 million), representing a year-on-year increase of approximately 12.9%, primarily attributable to the steady expansion of core businesses such as oil and gas processing equipment and modular system engineering. In terms of profitability, the Group recorded a gross profit of RMB148.1 million (2024: RMB143.0 million), remaining broadly stable. Net profit for the year amounted to RMB4.6 million (2024: RMB10.3 million), representing a year-on-year decrease. While the Company maintained steady revenue growth, the gross profit margin declined from 32.2% to 29.5%, representing a decrease of 2.7 percentage points, mainly due to an increased proportion of EPC projects. The fluctuation in profitability was primarily due to increased costs, including employee costs, selling expenses and administrative expenses, arising from the Group’s overseas market operations and the phosphorus-containing waste recovery project in Huangshan, both of which remained in the development and expansion phase.

THE COMPANY’S DEVELOPMENT STRATEGY

1. To Focus on Core Business and Consolidate Market Position in the Petrochemical Equipment Sector

In 2026, the Company will continue to adhere to its development strategy centered on core businesses, and persistently refine its development in the oil refining and petrochemical equipment sectors, aiming to consolidate its market position in core product areas such as sulfur recovery units, volatile organic compounds incineration equipment, catalytic cracking equipment, process burners and heat exchangers. The core business of the Company will remain focused on auxiliary equipment for oil refining and petrochemical plants, and meanwhile, we will strive to continuously enhance our market competitiveness through technological upgrades and product optimization.

The petrochemical industry is currently in a phase of structural adjustment and technological upgrading. Although the pace of investment in the industry has temporarily slowed, and the construction schedule for some refining and chemical projects has been delayed, overall, China’s petrochemical industry remains in a crucial stage of transformation and upgrading. With the ongoing construction of large-scale integrated refining and chemical bases, the upgrading of aging facilities and the continuous elevation of environmental protection standards, the demand from refineries and petrochemical enterprises for efficient, energy-saving and environment-friendly equipment will persist. The Company will focus on technical transformation, unit upgrades and maintenance and overhaul projects at large domestic refining and chemical enterprises. By optimizing product quality and enhancing service capabilities, it will further solidify its market share among core clients.

At the same time, the Company will continue to strengthen its internal operation management, advancing cost reduction and efficiency enhancement initiatives by improving production efficiency, optimizing supply chain management and strengthening cost control, to further enhance the Company’s profitability and resilience against risks. Against the backdrop of fluctuating industry investment cycles, by improving operational efficiency and cost control, the Company will be better positioned to navigate changes in the market environment and achieve stable development in its core business.

MANAGEMENT DISCUSSION AND ANALYSIS

2. To Accelerate Expansion into International Market and Enhance Overseas Business Scale

Amidst the ongoing development of the global petrochemical industry and the profound restructuring of industrial chains, the international market is opening up vast opportunities for Chinese equipment manufacturing enterprises. Leveraging a comprehensive industrial chain system, mature manufacturing capabilities and significant cost competitiveness, Chinese equipment manufacturers are rapidly enhancing their influence and voice in the global market.

Looking ahead to 2026, the Company will comprehensively accelerate its international market presence, continuously expanding its international business scale by strengthening overseas brand promotion and deepening engagement with international client resources. Leveraging its subsidiary in Dubai, the Company will focus on its development in the Middle East market, fully utilizing the advantages of localized operations to accelerate the acquisition of new clients while driving the conversion of potential projects and ensuring high-quality delivery. Concurrently, the strategy of deep market cultivation will be extended to Southeast Asia, leveraging a rich product matrix and regional resource endowments to deepen cooperation with local enterprises and accelerate client acquisition. Through active participation in international project construction and the establishment of localized service networks, the Company will steadily increase its market share in overseas market.

Looking to the future, the Company will continue to refine its global market presence, gradually building a marketing and service network covering key regions. By establishing regional business centers, it aims to achieve efficient market intelligence gathering, rapid response to customer needs and comprehensive enhancement of project execution capabilities, injecting sustained growth momentum into the high-quality development of the Company.

3. To Drive EPC Delivery Capabilities through R&D and Design, and to Build Core Value via Technological Innovation

The Company will continue to leverage its advantages in proprietary technology processes and the in-house design and production capabilities of core equipment, while strengthening its engineering design capabilities. It has successfully built a systematic, skid-mounted EPC delivery system, thereby deepening its strategic leadership role in delivering full-chain solutions for EPC projects in both domestic and international markets. Skid-mounted EPC, characterized by significant advantages such as shorter construction periods, streamlined site management, lower overall costs, precise quality control and enhanced construction safety, has established solid technical barriers and strong commercial competitiveness. Looking ahead, the Company will further consolidate this core capability system, continuously deepen its technological moat and solidify its market-leading position.

As of 2025, Ruichang has accumulated extensive practical experience in international EPC projects, while its domestic EPC business has also achieved large-scale and stable development. Looking forward to 2026, the Company will further enhance its core technical capabilities and professional team development, continuously enrich its project practices and comprehensively strengthen its project management and delivery systems to ensure efficient project execution and high-quality performance.

Meanwhile, the Company will fully leverage its composite advantages in technology and engineering experience to actively expand its skid-mounted and EPC business footprint. By continuously refining the integrated capability system of “process development — system design — engineering implementation — integrated delivery”, it will steadily enhance the technical added value and implementation efficiency of its EPC projects, driving the Company towards higher quality and more sustainable development in the fields of systems engineering and green industrial solutions.

MANAGEMENT DISCUSSION AND ANALYSIS

4. To Advance the Presence of New Energy and Resource Recycling Business and Build a Diversified Growth Pattern

The Company will continue to deepen its strategic presence in the new energy and resource recycling sectors, with technological synergy as the core driving force, to construct a diversified growth pattern and inject strong momentum into its sustainable development.

In the energy storage sector, the Company's cold storage technology successfully achieved a key breakthrough with the implementation of a demonstration project in 2025. In 2026, it will accelerate the large-scale expansion and commercialization of this technology. During the same period, the Company will complete pilot-scale validation of high-temperature molten sulfur energy storage technology and advance its engineering applications, providing stable and flexible thermal dispatch solutions for integrated energy management.

In the circular economy sector, in 2026, building on the successful operation of the phosphorus resource recovery demonstration project in Huangshan, the Company will fully initiate the replication and promotion of the project nationwide, expanding from a single demonstration project to scaled production. It also plans to advance experimental trials for refined phosphorus chemical products conversion, exploring pathways for high-value-added industrial phosphorus products.

In the green fuel sector, the Company will continue to deepen research on entrained-flow gasification technology, promoting the application of biomass gasification as a substitute for natural gas. It will enhance the process maturity and engineering delivery capabilities for green fuels such as biodiesel and sustainable aviation fuel.

Through the deep integration of technological innovation and industrial application, Ruichang will systematically build its new energy and resource recycling business segment, creating new growth drivers for its long-term, high-quality development.

5. To Leverage ESG Products to Seize Industry Green Transformation Opportunities and Build Competitive Advantages in Low-Carbon Equipment

Against the backdrop of accelerating low-carbon transformation of the global energy structure and deepening sustainable development, energy conservation and carbon reduction have become binding policy constraints, directly generating market demand for specialized environmental protection equipment. The Company has proactively created its ESG product line, focusing on the development of a series of energy-saving specialized equipment, including low-nitrogen burners, high-efficiency heat exchangers and waste heat recovery systems. This not only aligns with the national "Dual Carbon" policy direction but also demonstrates its core competitiveness in the field of green technology innovation. As a leading enterprise in the environmental protection sector of the petrochemical industry, the Company, with its leading domestic substitution capabilities, is well-positioned to fully capitalize on the historic development opportunities presented by the green and low-carbon transformation of the petrochemical industry.

By comprehensively integrating ESG concepts into its technological R&D, business deployment and operational management, Ruichang is steadily advancing towards its strategic positioning as a leader in providing green and low-carbon system solutions for the industrial sector, pioneering a new path for high-quality development amidst the global wave of energy structure transformation.

MANAGEMENT DISCUSSION AND ANALYSIS

Looking ahead to 2026, the Company will maintain a proactive and enterprising development posture. While stabilizing its core business foundation, it will continue to deepen its presence in overseas markets and accelerate the cultivation and large-scale development of new business segments. Through forward-looking arrangements of development of green energy and cutting-edge ESG technology products, the Company will continuously enhance its technological innovation capabilities and the level of industrial synergy, to drive the formation of a more diversified and sustainable business structure, so as to lay a solid foundation for the Company's long-term value growth.

FINANCIAL REVIEW

The following discussion is based on, and should be read in conjunction with, the financial information and notes included elsewhere in this report.

Revenue

The Group's revenue increased by 13.0% from RMB444.2 million for the year ended 31 December 2024 to RMB502.0 million during the Year. The Group generates revenue primarily through the manufacturing and sale of the equipment as detailed below.

	Year ended 31 December			
	2025 RMB'000	%	2024 RMB'000	%
Sulphur recovery unit ("SRU") and volatile organic compounds ("VOCs") incineration equipment	182,735	36.4	158,060	35.6
Catalytic cracking equipment	155,319	30.9	194,446	43.8
Process burners	111,268	22.2	64,576	14.5
Heat exchangers	52,637	10.5	27,106	6.1
Total	501,959	100.0	444,188	100.0

SRU and VOCs incineration equipment

The Group's revenue from the sale of SRU and VOCs incineration equipment increased by 15.6% from RMB158.1 million for the year ended 31 December 2024 to RMB182.7 million for the year ended 31 December 2025, which was primarily attributable to the increase in sales orders of relevant products and the higher revenue per project from engineering, procurement and construction (EPC) companies' orders.

Catalytic cracking equipment

The Group's revenue from catalytic cracking equipment decreased by 20.1% from RMB194.4 million for the year ended 31 December 2024 to RMB155.3 million for the year ended 31 December 2025, primarily due to the decrease in sales orders of relevant products.

Process burners

The Group's revenue from process burners increased by 72.3% from RMB64.6 million for the year ended 31 December 2024 to RMB111.3 million for the year ended 31 December 2025, primarily due to the increase in sales orders of relevant products.

Heat exchangers

The Group's revenue from heat exchangers increased by 94.1% from RMB27.1 million for the year ended 31 December 2024 to RMB52.6 million for the year ended 31 December 2025, primarily due to the increase in market demand, and the commencement of operation of intelligent factories.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of sales

The cost of sales of the Group primarily consists of (i) material and components used, (ii) direct labour costs, (iii) taxes and levies and (iv) manufacturing overhead and others. The following table sets out a breakdown of our cost of sales.

	Year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Material and components used	315,404	89.1	257,231	85.4
Direct labour costs	9,874	2.8	10,009	3.3
Taxes and levies	4,535	1.3	3,208	1.1
Manufacturing overhead and others	24,019	6.8	30,766	10.2
Total	353,832	100.0	301,214	100.0

The cost of sales of the Group increased by 17.5% from RMB301.2 million for the year ended 31 December 2024 to RMB353.8 million for the year ended 31 December 2025, primarily due to growth in sales orders and the accelerated expansion of overseas operations.

Gross profit and gross profit margin

The gross profit of the Group increased by 3.6% from RMB143.0 million for the year ended 31 December 2024 to RMB148.1 million for the year ended 31 December 2025.

The gross profit margin decreased by 2.7 percentage points from 32.2% for the year ended 31 December 2024 to 29.5% for the year ended 31 December 2025, mainly attributable to the growing market competition.

Other income and gains, net

Other income and gains consist primarily of government grants, additional tax credit for input value-added tax ("VAT"), rental income, net, interest income and others.

The other income and gains decreased from RMB7.9 million for the year ended 31 December 2024 to RMB6.6 million for the year ended 31 December 2025, primarily attributable to the changes to the policies for additional tax credit for input VAT which led to a decrease in other income and gains.

Selling expenses

Our selling expenses mainly consist of staff costs, entertainment expenses, travelling and related expenses, promotional expenses and office expenses.

The selling expenses of the Group increased from RMB27.4 million for the year ended 31 December 2024 to RMB35.7 million for the year ended 31 December 2025, primarily due to the increase of headcount of sales staff as a result of our business expansion.

Administrative expenses

Our administrative expenses mainly consist of salaries, bonus and welfare for our management and administrative staff, professional and consulting fee, depreciation and amortisation, office expenses, recruitment expenses, entertainment expenses, travelling and related expenses, patent expenses, training expenses, rental expenses and others.

MANAGEMENT DISCUSSION AND ANALYSIS

The general and administrative expenses increased from RMB50.4 million for the year ended 31 December 2024 to RMB67.0 million for the year ended 31 December 2025, primarily due to the increase of reserved talents for new areas and new businesses.

Research and development expenses

Research and development expenses mainly consist of salaries and welfare for our research and development personnel, materials consumed for our research and development activities, depreciation and amortisation of our research facilities and testing fee.

The research and development expenses increased from RMB31.6 million for the year ended 31 December 2024 to RMB32.3 million for the year ended 31 December 2025, maintaining relatively stable.

Impairment losses of financial assets and contract assets

The impairment losses of financial assets and contract assets primarily include provisions for impairment losses of trade receivables and contract assets. The impairment losses for trade receivables decreased from RMB7.7 million for the year ended 31 December 2024 to RMB4.3 million for the year ended 31 December 2025, primarily due to the decrease in the provisions for bad debts as the recovery of long-aged receivables accelerated.

The total impairment losses on financial assets and contract assets increased from RMB5.7 million for the year ended 31 December 2024 to RMB7.9 million for the year ended 31 December 2025, primarily due to the increase of the provisions for bad debts for the Year as a result of the increase in other current accounts.

Finance costs

The finance costs mainly consist of interest on bank and other borrowings and interest on lease liabilities. The finance costs decreased from RMB6.2 million for the year ended 31 December 2024 to RMB5.6 million for the year ended 31 December 2025, primarily due to the lower interest rate on bank borrowings.

Income tax expenses

The taxation is comprised of (i) EIT; and (ii) deferred tax expenses. The income tax expenses decreased from RMB4.5 million for the year ended 31 December 2024 to RMB1.7 million for the year ended 31 December 2025, primarily due to the decrease in gross profits.

Profit for the Year

The net profit decreased from RMB10.3 million for the year ended 31 December 2024 to RMB4.6 million for the year ended 31 December 2025, primarily due to the decrease in gross profits and the increase in expenses.

Liquidity and Financial Resources

The Group's principal use of cash was to fund our operations, capital expenditures and payments of principal and interest due on our bank and other borrowings. The main source of the Group's liquidity was generated from cash flows from operations. Going forward, the Group believes that its liquidity requirements will be satisfied with a combination of cash flows generated from operating activities, bank facilities and net proceeds from the Listing. As of 31 December 2025, the Group had cash and cash equivalents of RMB116.8 million. A significant portion of the Group's cash and cash equivalents and term deposits are held in RMB.

MANAGEMENT DISCUSSION AND ANALYSIS

Trade Risks in Sanctioned Countries/Regions

The Group did not record any revenue from sales to countries/regions subject to laws and regulations relating to economic sanctions, export controls, trade embargoes and wider prohibitions and restrictions and investment related activities, including those imposed by the United States, the European Union and its member states, Australia or the United Nations (“**International Sanctions**”) for the year ended 31 December 2025.

The Company does not have current or future business plans and intentions in any country or region subject to International Sanctions. The Board has reviewed from time to time the execution and effectiveness of the sanctions-related internal control measures provided in the section headed “Business — Business activities in Countries/Regions Subject to International Sanctions Exposure — Our undertakings to the Stock Exchange” in the Prospectus.

The Board and the Group’s Sanctions Oversight Committee are not aware of any business activities that would put the Company, its Shareholders, or investors at risk of being in breach of International Sanctions, nor are they aware of any non-compliance with the applicable International Sanctions laws and regulations by the Group during the Reporting Period. The Audit Committee of the Board is also of the view that the Group has adequate and effective internal control measures to mitigate the sanctions risks.

Funding and Exchange Rate Policy

The Group has minimal exposure to foreign currency risk as most of its transactions, assets and liabilities are principally denominated in the functional currency of the entity to which they are related. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Bank borrowings

The Group’s total bank borrowings increased by 84.7% from RMB105.2 million as of 31 December 2024 to RMB194.2 million as of 31 December 2025, mainly due to the addition of bank borrowings during the current period.

All borrowings were fixed-rate borrowings as of 31 December 2025, which were denominated in RMB.

Current ratio

Current ratio (calculated by current assets divided by current liabilities) of the Group as of 31 December 2025 was 1.8 (31 December 2024: 1.8).

Gearing ratio

The gearing ratio is calculated by dividing the total debts (including bank borrowings and lease liabilities) by total equity as at the end of the Reporting Period. As of 31 December 2025, the gearing ratio of the Group was 51.7% (31 December 2024: 29.4%). Such increase is mainly attributable to the increase in bank borrowings.

Charges on the Group’s Assets

As of 31 December 2025, the carrying amount of property, plant and equipment pledged as security for the Company’s bank borrowings amounted to RMB17.5 million (31 December 2024: Nil). As of 31 December 2025, the Company had no right-of-use assets pledged as security for bank borrowings (31 December 2024: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Employees and Remuneration Policies

As of 31 December 2025, the Group had a total of 476 full-time employees and the total staff costs (including directors' emoluments) for the Year were RMB92.3 million. Remuneration of our employees is determined with reference to market conditions and individual employees' performance, qualification and experience. In line with the performance of the Group and individual employees, a competitive remuneration package is offered to retain employees, including salaries, allowance and benefits and retirement benefit scheme contribution. During the Year, the Group has maintained stable relationship with its employees and met the needs of its overseas operations and new business expansion. We provide training programmes to employees, including new hire orientation and continuous on-the-job training, in order to accelerate the learning progress and improve the knowledge and skill levels of our employees.

Capital Commitments

As of 31 December 2025, the Group had RMB41.7 million in capital commitment to fixed asset, which had been contracted but not provided for (31 December 2024: RMB11.2 million).

Contingent Liabilities

As of 31 December 2025, the Group did not have any material contingent liabilities (31 December 2024: Nil).

EVENTS AFTER THE REPORTING PERIOD

On 20 March 2026, the Company has changed its principal place of business in Hong Kong to Room 3711, 37/F, Hopewell Centre, No.183 Queen's Road East, Wanchai, Hong Kong. For details, please refer to the Company's announcement dated 20 March 2026.

Save as disclosed in this report, the Company is not aware of any material subsequent events from 31 December 2025 and up to the date of this report.

SIGNIFICANT INVESTMENTS

During the Reporting Period, the Group did not hold any significant investments in assets with a value of more than 5% of the Group's total assets as of 31 December 2025.

MATERIAL ACQUISITIONS AND DISPOSALS

On 4 March 2025, the Group set up a new subsidiary, Huangshan Sinophos Technology Co., Ltd ("**Huangshan Sinophos**"), which is principally engaged in deployment of phosphorus pollution control, phosphorus-containing waste treatment technologies and recycling of relevant waste products for the production of nutrient concentrate solutions. The registered capital of Huangshan Sinophos is RMB45 million, and the Company holds 80% shares in it indirectly. Additional details of the project are available in the Company's announcement dated 9 December 2024 and 5 February 2025, and the circular dated 9 January 2025.

Save as disclosed in this report, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company during the Reporting Period.

Save as disclosed in this report and in the section headed "Future Plans and Use of Proceeds" of the Prospectus, the Group has no other future plans for any other material investment and capital assets.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS FROM THE LISTING

The Company was listed on the Main Board of the Stock Exchange on 10 July 2024 (the “**Listing Date**”) and 125,000,000 new Shares were issued at an offer price of HK\$1.05 per Share. After deducting the underwriting fees and expenses payable by the Company in connection with the Global Offering as recognised in the audited financial statements, the net proceeds from the Listing amounted to approximately HK\$60.6 million (equivalent to approximately RMB55.6 million).

The Company intends to use the net proceeds in the same manner and in the proportion as set out in the section headed “Future Plans and Use of Proceeds” of the Prospectus.

The below table sets out the proposed and actual applications of the net proceeds for the year ended 31 December 2025:

Intended use of net proceeds	Net proceeds (RMB million)	Approximate % of net proceeds	Utilized Net Proceeds				Expected timeline of full utilization of the unutilized net proceeds ⁽¹⁾
			Unutilized Net Proceeds from the Global Offering as of 1 January 2025 (RMB million)	Utilized from the Global Offering during the year ended 31 December 2025 (RMB million)	Utilized Net Proceeds from the Global Offering as of 31 December 2025 (RMB million)	Unutilized Net Proceeds from the Global Offering as of 31 December 2025 (RMB million)	
Increasing our production capacity and capabilities in the New Production Facility to expand our scale of operation	40.6	73.0%	34.4	22.9	29.1	11.5	On or before 30 June 2026
Further strengthening our design and research and development capabilities	9.7	17.5%	6.7	6.7	9.7	–	
General working capital	5.3	9.5%	3.5	1.7	3.5	1.8	On or before 30 June 2026
Total	55.6	100.0%	44.6	31.3	42.3	13.3	

Notes:

- (1) The expected timeline is based on the best estimation made by the Group on future market condition and may change with the current market condition and future development.
- (2) We will deposit the net proceeds from the Global Offering into short-term interest-bearing accounts at licenced commercial banks and/or other authorised financial institutions as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions.

DIRECTORS AND SENIOR MANAGEMENT

As of the date of this annual report, the Board consists of five executive Directors and three independent non-executive Directors.

DIRECTORS

Executive Directors

Mr. LU Bo (陸波) (“Mr. Lu”), aged 53, has been with our Group since January 1994. He was appointed a Director on 6 February 2020 and was re-designated as an executive Director and the chief executive officer on 15 March 2023. Mr. Lu first joined our Group in January 1994. Mr. Lu has been serving as the chairman of the Board of our Company and is primarily responsible for the overall strategic planning, business direction and operational management of our Group. Mr. Lu has been serving as a director of Luoyang Ruichang since January 1994; its general manager of sales from January 1994 to March 2006, its general manager since April 2006, its vice chairperson from April 2006 to May 2011, and its chairperson since June 2011. Mr. Lu has been serving in various roles including as an executive director, deputy general manager and general manager of Shanghai Ruiqieer since its inception. Mr. Lu is sibling of Ms. LU Xiaojing and spouse of Ms. BAI Wei.

Mr. Lu obtained his college diploma in automotive use and repair from Luoyang Institute of Technology (洛陽工學院) (currently known as Henan University of Science and Technology (河南科技大學)) in the PRC in July 1993. He obtained his master's degree in business administration from China Europe International Business School in the PRC in November 2017. Mr. Lu received his qualification as an engineer from Henan Province Science and Technology Committee (河南省科學技術委員會) in December 1999.

Ms. LU Xiaojing (陸曉靜) (“Ms. Lu”), aged 56, has been with our Group since January 1994. She was appointed a Director on 6 February 2020 and was re-designated as an executive Director and the deputy chief executive officer on 15 March 2023. Ms. Lu is sibling of Mr. LU Bo and spouse of Mr. SHAO Song. Ms. Lu first joined our Group in January 1994. Ms. Lu has been serving as the Director of our Company since its inception. She is primarily responsible for overall strategic planning, business direction and operational management of our Group. At Luoyang Ruichang, Ms. Lu served as the general manager of finance from January 1994 to March 2006, its director from January 1994 to April 2005, its supervisor from April 2005 to June 2011 and is currently serving as its vice general manager since April 2006 and as its director since June 2011. Ms. Lu has also served in various roles including as a general manager and an executive director of Shanghai Ruiqieer from its inception to January 2021.

Ms. Lu obtained her college diploma in machinery manufacturing process and equipment from Henan Radio and TV University (河南廣播電視大學) (currently known as the Open University of Henan (河南開放大學)) in the PRC in July 1989. She obtained her master's degree in business administration from China Europe International Business School in the PRC in June 2021. Ms. Lu received her qualification as an engineer from Luoyang City Science and Technology Committee (洛陽市科學技術委員會) in December 2002.

Ms. BAI Wei (白薇) (“Ms. Bai”) (former name BAI Wei), aged 52, was appointed an executive Director on 15 March 2023 and is also our senior vice president (human resources). Ms. Bai is primarily responsible for corporate administration, human resources and participating in decision-making in respect of major matters such as corporate and business strategies. Ms. Bai joined our Group in February 2004 and is currently the human resources manager of Shanghai Ruisheng and a supervisor of Luoyang Ruichang. Ms. Bai is spouse of Mr. LU.

Ms. Bai obtained her college diploma in economic management from Henan Agricultural University (河南農業大學) in the PRC in June 1996.

DIRECTORS AND SENIOR MANAGEMENT

Mr. SHAO Song (邵松) (“Mr. Shao”), aged 57, was appointed an executive Director on 15 March 2023 and is also our senior vice president. Mr. Shao is primarily responsible for sales, research and development and participating in the decision-making process in respect of major matters such as corporate and business strategies. Mr. Shao is spouse of Ms. LU Xiaojing. Mr. Shao joined our Group in January 1994 and is also currently serving as a director and deputy general manager of Luoyang Ruichang as well as a supervisor of Shanghai Ruiqier.

Mr. Shao obtained his college diploma in welding process and equipment from Luoyang Institute of Technology (洛陽工學院) (currently known as Henan University of Science and Technology (河南科技大學)) in the PRC in July 1991.

Ms. WU Rui (吳瑞) (“Ms. Wu”), aged 58, was appointed an executive Director on 15 March 2023 and is also our vice president (administration). Ms. Wu is primarily responsible for corporate administration and participates in the decision-making process in respect of major matters such as corporate and business strategies. Ms. Wu joined Luoyang Ruichang in March 2004 and has been serving as the director of the administration department of Luoyang Ruichang since February 2012 and also served as assistant to the chief executive officer of Luoyang Ruichang since May 2017.

Ms. Wu completed her undergraduate studies in national economic management from Luoyang University (洛陽大學) (currently known as Luoyang Institute of Science and Technology (洛陽理工學院)) in the PRC in June 1996.

Independent Non-executive Directors

Mr. SHEN Cheng (沈誠) (“Mr. Shen”), aged 42, was appointed as an independent non-executive Director on 4 December 2024. He is primarily responsible for supervising and providing independent judgment to our Board.

Mr. Shen has been working at AllBright Law Offices (錦天城律師事務所) since September 2010. He currently serves as their senior partner, primarily responsible for providing legal services on capital markets, mergers and acquisitions and equity investments. Mr. Shen received his bachelor’s degree in law from Shanghai University of International Business and Economics (上海對外經貿大學) in the PRC in June 2005. He then obtained his master’s degree in law from Emory University in the United States in May 2015.

Mr. BAU Siu Fung (鮑小豐) (“Mr. Bau”), aged 58, was appointed as an independent non-executive Director on 15 March 2023 (with effect on the Listing Date). He is primarily responsible for supervising and providing independent judgment to our Board.

Mr. Bau served as an auditor in KPMG (Hong Kong) and KPMG Huazhen LLP, both auditing and financial services firms, from June 2004 to October 2011, where he served as a manager at the time of leaving. Mr. Bau then served as an executive director from June 2012 to January 2017, and the chief financial officer and company secretary from June 2012 to September 2017, of Sheen Tai Holdings Group Company Limited, a conglomerate company listed on the Stock Exchange (SEHK: 1335), where he was responsible for its financial management and compliance matters. Mr. Bau then served as an executive director, chief financial officer and company secretary of Chen Lin Education Group Holdings Limited, a higher-education provision company listed on the Stock Exchange (SEHK: 1593), primarily responsible for formulating financial strategies, from March 2018 to May 2021. Mr. Bau served at Fulcrum Global (Hong Kong) Limited, an investment management from May 2021 to August 2022, where he left as its managing director, finance.

Mr. Bau has been serving as an independent non-executive director of various companies listed on the Stock Exchange, primarily responsible for providing independent advice to the respective boards. Mr. Bau has been serving as an independent non-executive director of AUX International Holdings Limited, an investment holding company listed on the Stock Exchange (SEHK: 2080) since May 2015, of Nuobikan Artificial Intelligence Technology (Chengdu) Co., Ltd., a company that primarily develops and sells monitoring and inspection products for railway operation and power grid companies, listed on the Stock Exchange (SEHK: 2835) since October 2024, and of FSM Holdings Limited, a company which is a sheet metal fabricator with a focus on precision engineering and a precision machine service provider, listed on the Stock Exchange (SEHK: 1721) from June 2018 to August 2024.

Mr. Bau is currently a member of the Hong Kong Institute of Certified Public Accountants. Mr. Bau graduated from Idaho State University with a bachelor of business administration in Accounting and Finance in the United States in August 1997.

DIRECTORS AND SENIOR MANAGEMENT

Mr. JIANG Li (蔣勵) (“Mr. Jiang”), aged 62, was appointed as an independent non-executive Director on 19 May 2025. He is primarily responsible for supervising and providing independent judgment to our Board.

Mr. Jiang has been teaching in various universities over 30 years, and lecturing on the topics of corporate finance, investments, international finance, financial statement analysis and business valuation. Mr. Jiang served as a lecturer at Concordia University from September 1991 to August 1994, a financial analyst at BCA Research in Montreal, Canada from January 1995 to June 1995, an assistant professor at the Schulich School of Business of York University from September 1995 to August 1996, an assistant professor at the School of Business of Hong Kong Baptist University from September 1996 to August 1999, an assistant professor from September 1999 to March 2003 and an associate professor from April 2003 to August 2023 at the School of Accounting and Finance of The Hong Kong Polytechnic University, and has been a Professor of Practice (Finance) at the School of Accounting and Finance of The Hong Kong Polytechnic University since August 2023. He has extensive expertise in finance and accounting aspects from his academic background and substantial experience in studying and analysing real-life scenarios and performances of public companies. He has also been serving as an independent non-executive director of Goldpac Group Limited, an investment holding company mainly engaged in the production and sale of embedded software and secure payment products (SEHK: 3315) since May 2024.

Mr. Jiang graduated from Nankai University with a Bachelor of Mathematics in 1984, received the Master of Business Administration in Finance from York University in 1986 and also the Doctor in Finance from Concordia University in 1995.

SENIOR MANAGEMENT

Mr. LU Bo (陸波) is the Chairman and chief executive officer of our Company. Please refer to the paragraph headed “— Directors — Executive Directors” above for his biographical details.

Ms. LU Xiaojing (陸曉靜) is the deputy chief executive officer of our Company. Please refer to the paragraph headed “— Directors — Executive Directors” above for her biographical details.

Ms. BAI Wei (白薇) is the senior vice president of human resources of our Company. Please refer to the paragraph headed “— Directors — Executive Directors” above for her biographical details.

Mr. SHAO Song (邵松) is the senior vice president of our Company. Please refer to the paragraph headed “— Directors — Executive Directors” above for his biographical details.

Ms. WU Rui (吳瑞) is the vice president of administration of our Company. Please refer to the paragraph headed “— Directors — Executive Directors” above for her biographical details.

Mr. ZHANG Xian (張顯) (“Mr. Zhang”), aged 49, has been the deputy general manager of Luoyang Ruichang since May 2017, mainly responsible for the management of the sales/business department. Mr. Zhang joined our Group in November 1994 and has been with us for more than 26 years. He is our senior vice president and is responsible for the management of sales/business department, and responsible for the overall operation management of the SRU and VOCs Incineration Equipment Division. Mr. Zhang obtained his college diploma in computer accounting from Luoyang Workers’ College of Science and Technology (洛陽市職工科學技術學院) (currently known as Luoyang Vocational and Technical College (洛陽職業技術學院)) in July 1999. He then completed his undergraduate studies in business administration from Central Radio and Television University (中央廣播電視大學) (currently known as the Open University of China (國家開放大學)) in July 2015.

DIRECTORS AND SENIOR MANAGEMENT

Mr. JIN Xuli (金旭立) (“Mr. Jin”), aged 47, has been the deputy general manager of the Luoyang Ruichang since May 2017, mainly responsible for management of the sales/business department. Mr. Jin has been with our Group for more than 20 years. He is our senior vice president and is responsible for the overall operation management of our Process Burners Division. Mr. Jin obtained his college diploma in trade economics from Luoyang Technology College (洛陽工業高等專科學校 (currently known as Luoyang Institute of Science and Technology (洛陽理工學院)) in July 2000. He then completed his undergraduate studies in business administration from Henan University of Science and Technology (河南科技大學) in July 2012.

Ms. Guo Haiyang (郭海洋) (“Ms. Guo”), joined the Group in May 2024 and is currently the director of investment and financing of the Company. Ms. Guo is primarily responsible for the finance and strategic planning of the Group, investors relations and ESG matters.

Ms. Guo has over 8 years of experience in strategic planning and financial management. Prior to joining the Group, Ms. Guo was deputy general manager of Jingdezhen Fuliang Investment Holding Group and the chairman of Cultural Tourism Group from June 2023 to May 2024. She worked as strategic and investment director at Wuxi Nianhuawan Cultural Investment Development Co., Ltd. from November 2021 to May 2023. From June 2017 to July 2021, she served as strategic director at Zhenro Group. From October 2010 to June 2017, she held the role of executive general manager at Shanghai Lewei Enterprise Management Co., Ltd, the subsidiary of E-House Group.

Ms. Guo obtained a master’s degree in finance and business administration from China Europe International Business School in November 2022 and a bachelor’s degree in management from Jilin University in July 2008.

JOINT COMPANY SECRETARIES

Ms. GUO Haiyang (郭海洋) was appointed as a joint company secretary of our Company on 23 December 2025, see “— Senior Management” in the section for details.

Ms. KWOK Yan Ting Jennis (郭恩廷) was appointed as a joint company secretary of our Company on 20 March 2026. She has over 12 years of extensive experience in corporate governance, company secretarial practice and regulatory compliance. She is currently Senior Manager, Entity Solutions of Computershare Hong Kong Investor Services Limited.

Ms. Kwok Yan Ting Jennis holds a degree of Bachelor of Business Administration from Hong Kong Shue Yan University. She is a fellow member of both The Hong Kong Chartered Governance Institute (the “HKCGI”) and The Chartered Governance Institute in the United Kingdom, and she is also a holder of the practitioner’s endorsement of HKCGI. In addition, she is a Certified Environmental, Social and Governance Analyst (CESGA®) accredited by The European Federation of Financial Analysts Societies (EFFAS) and a Certified ESG Planner (CEP®) awarded by the International Chamber of Sustainable Development (ICSD). She holds the Sustainability and Climate Risk (SCR®) Certificate issued by the Global Association of Risk Professionals (GARP®).

CHANGES IN DIRECTORS’ BIOGRAPHICAL DETAILS UNDER RULE 13.51(B) OF THE LISTING RULES

Save as disclosed in this annual report and as at the date of this report, there are no other changes to the Directors’ information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REPORT OF THE DIRECTORS

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

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company. The principal activities and other particulars of the Company's subsidiaries are set out in Note 40 to the consolidated financial statements.

Details of business review and performance analysis of the Group for the year ended 31 December 2025 are set out in "Management Discussion and Analysis" and "Corporate Governance Report" of this annual report. The Environmental, Social and Governance report of the Company for the year ended 31 December 2025 shall be published separately.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2025 are set out in the audited consolidated statement of profit or loss and other comprehensive income on page 54 of this annual report.

On 16 May 2025, the Company declared a final dividend of RMB0.04 per share, totalling RMB20,000,000 for the year of 2024. During the year ended 31 December 2025, RMB19,250,000 had been paid in cash.

A proposed final dividend of RMB0.04 per share, totalling RMB20,000,000 for the year of 2025 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors are aware that the Group's financial condition, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. The key risks and uncertainties identified by the Group are set out as follows:

- our business and future growth are subject to the level of domestic petroleum refinery and petrochemical production activities in the PRC, which is highly dependent on the PRC government's relevant policies and regulations;
- most of our sales are contract-based and may be non-recurring. We generally have to go through competitive tendering or quotation process to secure new contracts, and we may not be able to obtain new contracts on commercially acceptable terms. Failure to continuously secure new contracts could materially affect our financial condition and results of operations;
- we are subject to liquidity and credit risks resulting from delays and/or defaults in payments by our customers and recoverability of our contract assets;
- we depend on a stable and adequate supply of quality materials and components from our suppliers during the Track Record Period. Fluctuation in prices of materials and components or unstable supply of materials and components could adversely affect our financial condition and results of operations;

REPORT OF THE DIRECTORS

- we may not be able to successfully develop or adopt new technologies in a timely manner. In particular, our investments in R&D may not yield any positive results as we expect, which could affect our ability to meet the changing demands of our customers and hence we may lose business opportunities to our competitors; and
- our failure to accurately estimate or control our costs for fixed-price contract may materially and adversely affect our profitability.

FINANCIAL STATEMENTS

The summary of the results, assets and liabilities of the Group for the year ended 31 December 2025 and the state of the Company's and the Group's affairs as of 31 December 2025 are set out in the consolidated financial statements on pages 54 to 119 of this annual report.

SUBSIDIARIES

Details of the subsidiaries of the Group as of 31 December 2025 are set out in Note 40 to the consolidated financial statements in this annual report.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year ended 31 December 2025 are set out in Note 33 to the consolidated financial statements in this annual report.

RESERVES

Details of movements in reserves of the Group and the Company for the year ended 31 December 2025 are set out in the consolidated statement of changes in equity and Note 34 to the consolidated financial statements in this annual report, respectively.

DISTRIBUTABLE RESERVES

At 31 December 2025, the Company's reserves available for distribution, calculated in accordance with the Company's Law of Cayman Islands, amounted to approximately RMB62.2 million, of which RMB20.0 million has been proposed as a final dividend for the year. In addition, the amount of RMB99.8 million previously included in the Company's share premium account may be distributed in the form of fully paid bonus shares.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

REPORT OF THE DIRECTORS

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2025 are set out in Note 16 to the consolidated financial statements in this annual report.

BANK LOANS

Particulars of bank loans of the Group (including the maturity profile of borrowings) as of 31 December 2025 are set out in Note 31 to the consolidated financial statements in this annual report. There is no material seasonality of borrowing requirements for the Group.

ADVANCE TO ENTITY PROVIDED BY THE COMPANY

During the year ended 31 December 2025, the Company had not provided any advance to an entity which is subject to disclosure requirement under Rule 13.20 of the Listing Rules.

FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES BY THE COMPANY

During the year ended 31 December 2025, the Company had not provided any financial assistance and guarantees to affiliated companies of the Company which is subject to disclosure requirements under Rule 13.22 of the Listing Rules.

CHARITABLE DONATIONS

During the year ended 31 December 2025, the Group made charitable donations of RMB0.1 million (31 December 2024: RMB0.2 million).

CONTINGENT LIABILITIES

As of 31 December 2025, we did not have any material contingent liabilities (31 December 2024: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2025, the revenue derived from the Group's largest customer and the five largest customers accounted for 13.1% and 36.5% of the Group's total revenue for the year (2024: 23.9% and 52.3%), respectively.

During the year ended 31 December 2025, purchases from the Group's largest supplier and five largest suppliers accounted for 4.0% and 15.5% of the Group's total purchases for the year (2024: 4.2% and 14.8%), respectively.

None of the Directors, their respective close associates, or any Shareholder who, to the knowledge of the Directors, owns more than 5% of the Company's issued capital, has any interest in any of the Group's five largest customers and suppliers.

REPORT OF THE DIRECTORS

SUFFICIENCY OF PUBLIC FLOAT

During the Reporting Period and up to the date of this report, based on the information available to the Company and to the knowledge of the Directors, the Company's public float complies with the requirements of Rule 8.08 of the Listing Rules.

BOARD OF DIRECTORS

The Directors who held office during the year ended 31 December 2025 and as of the date of this annual report were:

Executive Directors

Mr. LU Bo (陸波) (*Chairman and Chief Executive Officer*)

Ms. LU Xiaojing (陸曉靜)

Ms. BAI Wei (白薇)

Mr. SHAO Song (邵松)

Ms. WU Rui (吳瑞)

Independent Non-executive Directors

Mr. BAU Siu Fung (鮑小豐)

Mr. SHEN Cheng (沈誠)

Mr. JIANG Li (蔣勵) (*Appointed on 19 May 2025*)

Mr. TU Shenwei (塗申偉) (*Resigned on 19 May 2025*)

Directors' and senior management's biographies

Biographical details of the Directors and senior management of the Company are set out in the section headed "Directors and Senior Management" on pages 18 to 21 of this annual report. For biographical details of Mr. TU Shenwei, please refer to the section headed "Directors and Senior Management" of 2024 Annual Report.

According to article 26.3 of the Articles of Association, any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his/her appointment and shall then be eligible for re-election at such meeting.

According to article 26.4 of the Articles of Association and paragraph B.2.2 of the CG Code, at each annual general meeting, one-third of the Directors for the time being (or, if such number is not a multiple of three, then the number nearest to but not less than one-third, any Director required to stand for re-election pursuant to Article 26.3 shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation) shall retire from office by rotation, provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the annual general meeting at which he retires and shall be eligible for re-election at such meeting.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No Director or an entity connected with a Director was materially interested, either directly or indirectly, in any transaction, arrangement or contract which is significant in relation to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party subsisting for the year ended 31 December 2025 or as of 31 December 2025.

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing from the Listing Date, which may be terminated by not less than one month's notice in writing served by either the executive Director or the Company.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial term of three years commencing from the Listing Date or the date of appointment, which may be terminated by not less than one month's notice in writing served by either the independent non-executive Director or the Company.

None of the Directors proposed for re-election at the AGM has an unexpired service contract or appointment letter which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As far as the Company is aware, as of 31 December 2025, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

REPORT OF THE DIRECTORS

Long Positions in the Company

Name of Director	Capacity/Nature of interest ⁽¹⁾	Number of Shares held	Approximate percentage of interest in our Company
Mr. LU Bo ⁽²⁾	Beneficiary of a trust	164,171,263	32.83%
	Interest of controlled corporation	5,598,240	1.12%
Ms. LU Xiaojing ⁽³⁾	Beneficiary of a trust	164,171,263	32.83%
	Interest of controlled corporation	5,598,240	1.12%
Ms. BAI Wei ⁽⁴⁾	Spousal interest	169,769,503	33.95%
Mr. SHAO Song ⁽⁵⁾	Spousal interest	169,769,503	33.95%

Notes:

- (1) The calculation is based on the total number of 500,000,000 Shares in issue as at 31 December 2025. All interests stated are long position.
- (2) Mr. Lu Bo's interest is held through One Ideal Limited, a company which is held as to 99.00% by The LB Personal Trust, being a family trust to which Mr. Lu Bo is a beneficiary. Riches Development is wholly-owned by Mr. Lu Bo.
- (3) Ms. Lu Xiaojing's interest is held through Lady Jing Limited, a company which is held as to 99.00% by The LXJ Personal Trust, being a family trust to which Ms. Lu Xiaojing is a beneficiary. Richen Development is wholly-owned by Ms. Lu Xiaojing.
- (4) Ms. Bai Wei is the spouse of Mr. Lu Bo.
- (5) Mr. Shao Song is the spouse of Ms. Lu Xiaojing.

Save as disclosed above, as of the date of this annual report, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions they are taken or deemed to have under such provisions of the SFO) or which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of 31 December 2025, to the best of the knowledge of the Company and the Directors or the chief executive of our Company, the followings are the persons, other than the Directors or chief executive of the Company, who had interests or short positions in the Shares and underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO.

Name of Shareholder	Capacity/Nature of Interest ⁽¹⁾	Number of Shares held	Approximate percentage of interests in the Company
One Ideal Limited ⁽²⁾	Beneficial interest	164,171,263	32.83%
Now Wealth Limited ⁽²⁾	Beneficial interest	164,171,263	32.83%
Mr. Lu Bo ⁽²⁾	Beneficiary of a trust	164,171,263	32.83%
	Interest of controlled corporation	5,598,240	1.12%
Lady Jing Limited ⁽³⁾	Beneficial interest	164,171,263	32.83%
LXJ Limited ⁽³⁾	Beneficial interest	164,171,263	32.83%
Ms. Lu Xiaojing ⁽³⁾	Beneficiary of a trust	164,171,263	32.83%
	Interest of controlled corporation	5,598,240	1.12%
Ms. Bai Wei ⁽⁴⁾	Spousal interest	169,769,503	33.95%
Mr. Shao Song ⁽⁵⁾	Spousal interest	169,769,503	33.95%
TCT (BVI) Limited ⁽⁶⁾	Beneficial interest	328,342,526	65.66%
THE CORE TRUST COMPANY LIMITED ⁽⁶⁾	Trustee	328,342,526	65.66%
Huangshan City Investment Private Equity Fund Management Co., Ltd. ⁽⁷⁾	Beneficial interest	28,570,000	5.71%

Notes:

- (1) The calculation is based on the total number of 500,000,000 Shares in issue as at 31 December 2025. All interests stated are long position.
- (2) One Ideal Limited is held as to 99.00% by Now Wealth Limited, which is in turn wholly-owned by The LB Personal Trust, being a family trust to which Mr. Lu Bo is a beneficiary. Riches Development is wholly-owned by Mr. Lu Bo.
- (3) Lady Jing Limited is held as to 99.00% by LXJ Limited, which is in turn wholly-owned by The LXJ Personal Trust, being a family trust to which Ms. Lu Xiaojing is a beneficiary. Richen Development is wholly-owned by Ms. Lu Xiaojing.
- (4) Ms. Bai Wei is the spouse of Mr. Lu Bo.
- (5) Mr. Shao Song is the spouse of Ms. Lu Xiaojing.
- (6) THE CORE TRUST COMPANY LIMITED is the trustee of The LB Personal Trust and The LXJ Personal Trust which established by Mr. Lu Bo and Ms. Lu Xiaojing respectively. TCT (BVI) Limited, which is wholly-owned by the trustee, through direct interest in each of Now Wealth Limited and LXJ Limited holds 164,171,263 Shares and 164,171,263 Shares respectively.
- (7) Huangshan City Investment Private Equity Fund Management Co., Ltd. is a wholly-owned subsidiary of Huangshan City Construction Investment Group Co., Ltd., which is in turn wholly owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Huangshan City.

REPORT OF THE DIRECTORS

Save as disclosed above and to the best knowledge of our Directors, as at 31 December 2025, no other person had or was deemed to have any interests or short positions in the shares, underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company or the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DEBENTURES IN ISSUE

The Company did not have any debentures in issue during the year ended 31 December 2025.

EQUITY-LINKED AGREEMENT

Save as disclosed in the section headed “Share Incentive Plans” in this annual report, there was no equity-linked agreement entered into by the Company during or subsisting at the end of the year ended 31 December 2025.

RELATED PARTY TRANSACTION, CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

During the Reporting Period, our only related party transactions were the key management personnel remuneration as set out in Note 37 to the consolidated financial statements in this annual report, which do not constitute a connected transaction or a continuing connected transaction as defined in Chapter 14A of the Listing Rules. The Directors confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules. During the Reporting Period, there were no non-exempt connected and continuing connected transactions of the Company.

PERMITTED INDEMNITY

Pursuant to the Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him or her as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his or her favour, or in which he or she is acquitted. The Company has purchased appropriate liability insurance for its Directors. The permitted indemnity provision is set out in such liability insurance, which is currently in force and has been in force since the Listing Date.

REPORT OF THE DIRECTORS

SHARE INCENTIVE PLANS

Post-IPO Share Option Scheme

We adopted the Post-IPO Share Option Scheme on 24 June 2024, which was immediately prior to the Listing. The scheme constitutes a share scheme governed by Chapter 17 of the Listing Rules.

As the Post-IPO Share Option Scheme was not effective until the Listing Date, the numbers of Share Options available for grant under the Post-IPO Share Option Scheme are 50,000,000 as at the Listing Date.

1. Summary of Terms

(a) *Purpose*

The purpose of the Post-IPO Share Option Scheme is to provide Eligible Participants (as defined below) with the opportunity to acquire proprietary interests in the Company and to encourage Eligible Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.

(b) *Eligible Participants*

The Board of Directors may subject to and in accordance with the provisions of the Post-IPO Share Option Scheme and the Listing Rules, at its discretion grant options to any directors (including executive directors, non-executive directors and independent non-executive directors) and employees of any member of the Group and any persons who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business who, in the absolute discretion of the Board, has contributed or will contribute to the long term growth of our Group.

(c) *Scheme Limit*

The Shares which may be issued (or treasury Shares which may be transferred) upon exercise of all options granted under the Post-IPO Share Option Scheme and any other share option and share awards schemes of our Company shall not in aggregate exceed 10% of the total number of Shares in issue as at the date dealings in Shares on the Stock Exchange commence (excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or may be granted under the Post-IPO Share Option Scheme) (the “**Scheme Mandate Limit**”) being 50,000,000 Shares. For the purposes of calculating the Scheme Mandate Limit, options which have lapsed in accordance with the terms of the relevant Scheme shall not be counted.

Where the participants of the scheme are service providers, the service providers will be subject to a sublimit not exceeding 1% of the total number of Shares in issue as at the Listing Date (the “**Service Provider Sublimit**”), being 5,000,000 Shares, as at the Listing Date.

The above limits may be refreshed by Shareholders at general meeting in accordance with Rule 17.03C of Chapter 17 of the Listing Rules. As of the date of this report, the total number of Shares available for issue under the Post-IPO Share Option Scheme is 50,000,000, representing 10% of the issued shares of the Company (excluding treasury shares).

REPORT OF THE DIRECTORS

(d) *Maximum Entitlement of a Participant*

Unless approved by our Shareholders in general meeting, the Board shall not grant options to any Eligible Participant if the acceptance of those options or awards would result in the total number of shares issued and to be issued (or to be transferred out of treasury Shares) to that Grantee on exercise of his option or awards during any 12-months period up to the offer date in aggregate exceeding 1% of the total Shares then in issue.

(e) *Grant and Acceptance of Options*

An offer shall be made to an Eligible Participant by a letter in duplicate (the **"Offer Document"**) in such form as the Board may from time to time determine which requires the Eligible Participant to undertake to hold the option on the terms on which it is to be granted.

Each offer shall remain open for acceptance for a period of not more than 10 business days from the date on which the Offer Document is delivered to the Eligible Participant provided that no such offer shall be open for acceptance after the expiry or termination of the Post-IPO Share Option Scheme. An option shall be deemed to have been accepted and the option to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate Offer Document comprising acceptance of the option Eligible Participant (the **"Grantee"**) duly signed by the Grantee together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant of the option shall have been received by our Company on or before the last day for acceptance. The remittance shall not be refundable in any circumstances.

(f) *Exercise Period*

An option may be exercised in whole or in part by the Grantee giving notice in writing to the Company in such form as the Board may from time to time determine stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the aggregate amount of the Subscription Price multiplied by the number of Shares in respect of which the notice is given. Within 15 business days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate issued by the auditors or the independent financial adviser of the Company, the Company shall allot, and shall instruct the share registrar to issue, the relevant Shares to the Grantee (or his personal representative(s)) credited as fully paid and issue to the Grantee (or his estate in the event of an exercise by his personal representative(s) as aforesaid) a share certificate in respect of the Shares so allotted and issued (or transferred out of treasury Shares).

(g) *Vesting Period*

The vesting period for the Options shall generally not be less than 12 months. However, the Board and the remuneration committee of the Board are of the view that in certain circumstances a strict 12 month vesting requirement would be unfair to the Grantee, including in the grant (i) of "make-whole" options to new joiner to replace share options they forfeited from their previous employer; (ii) to employees whose employment is terminated due to death, disability or other event beyond their control; (iii) of options which are made in batches for administrative or regulatory compliance reasons, which effectively delayed the grant to a particular Grantee for administrative or regulatory compliance reasons (in which case the vesting period may be shortened to adjust for the delay); (iv) of options with performance based vesting conditions in lieu of the time-based vesting requirement. The Board and the remuneration committee of the Board are therefore of the view that the arrangements are appropriate and aligns the interest of the Grantee and the Company.

REPORT OF THE DIRECTORS

(h) *Duration and Remaining Life*

The Post-IPO Share Option Scheme shall be valid and effective for a period of ten years from the Listing Date, after which time no further option shall be offered or granted but the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect in all other respects to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme. As at the date of this annual report, the remaining life of the Post-IPO Share Option Scheme was approximately eight years and four months.

(i) *Subscription Price*

The price per Share at which a Grantee may subscribe for Shares upon exercise of an option (the “**Subscription Price**”) shall be a price determined by the Board in its sole discretion and notified to the Grantee and shall be no less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets on the date on which the Board resolves to make the offer of the option (the “**Date of Grant**”), which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the Date of Grant (provided that in the event that any option is proposed to be granted within a period of less than five business days after the trading of the Shares first commences on the Stock Exchange, the final issue price of the Shares for the Global Offering shall be used as the closing price for any business day falling within the period before listing of the Shares on the Stock Exchange); and (iii) the nominal value of a Share on the Date of Grant.

For further details of the Post-IPO Share Option Scheme, please refer to the sections headed “Statutory and General Information — Post-IPO Share Option Scheme” in Appendix V to the Prospectus.

As of the date of this annual report, no grant has been made and no new Shares have been issued for the grant of options under the Post-IPO Share Option Scheme. The number of options cancelled or lapsed, and the number of Shares that may be issued in respect of options granted under the Post-IPO Share Option Scheme divided by the weighted average number of Shares in issue is not applicable. The number of options available for grant under the Scheme Mandate and the Service Provider Sublimit at the Listing Date and the end of the year ended 31 December 2025 are 50,000,000 and 5,000,000 respectively.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

During the Reporting Period and up to the date of this annual report, save as disclosed in this annual report, none of the Company or any of its subsidiaries were a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors had any interest in a business, apart from the business of the Group, which competes or is likely to compete, directly or indirectly, with the Group's business, which would require disclosure under Rule 8.10 of the Listing Rules.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 December 2025.

PLEDGE OF SHARES

We do not have any pledging of shares by our Controlling Shareholders.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

During the year ended 31 December 2025, there were no (i) contract of significance between the Company or any of its subsidiaries; and a controlling shareholder of the Company or any of its subsidiaries nor (ii) any contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

LOAN AGREEMENTS OF THE COMPANY

The Company did not enter into any loan agreement with covenants relating to specific performance of its Controlling Shareholder nor breach the terms of any loan agreements for loans that are significant to its operations during the Reporting Period.

EMPLOYEES AND REMUNERATION POLICIES

As of 31 December 2025, the Group had a total of 476 full-time employees and the total staff costs (including directors' emoluments) for the Reporting Period were approximately RMB92.3 million. Remuneration of our employees is determined with reference to market conditions and individual employees' performance, qualification and experience. In line with the performance of the Group and individual employees, a competitive remuneration package is offered to retain employees, including salaries, allowance and benefits and retirement benefit scheme contribution. During the Reporting Period, the relationship between the Group and our employees has been stable. We provide training programmes to employees, including new hire orientation and continuous on-the-job training, in order to accelerate the learning progress and improve the knowledge and skill levels of our employees.

REPORT OF THE DIRECTORS

RETIREMENT BENEFITS SCHEME

Full-time employees in the PRC participate in various government-funded defined contribution pension schemes, whereby employees are entitled to monthly pensions calculated according to certain formulas. Relevant government agencies are responsible for paying pensions to such retired employees. The Group makes monthly contributions to such pension schemes. Under such plans, the Group has no further payment obligations for post-retirement benefits other than the contributions made. Contributions to such plans are expensed as incurred and contributions paid to such defined contribution pension plans for an employee cannot be used to reduce the Group's future liability to such defined contribution pension plans (even if the related employee leaves). There are no provisions under such retirement benefit scheme whereby the Group may forfeit contributions and where forfeited contributions may be used to reduce future contributions.

Details of the contributions to the pension schemes of the Company are set out in Note 3 to the consolidated financial statements of this annual report.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Details of the Directors' emoluments and emoluments of the five highest paid individual in the Group are set out in Note 11 to the consolidated financial statements of this annual report. For the year ended 31 December 2025, no emoluments were paid by the Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived or agreed to waive any emoluments for the year ended 31 December 2025.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their respective holding of the Company's securities.

ENVIRONMENTAL POLICIES AND PERFORMANCE

During the year ended 31 December 2025, the Group had not been subject to any material fines or other penalties due to non-compliance with environmental regulations.

Further details of the Company's environmental policies and performance are disclosed in the environmental, social and governance report of the Company for the year ended 31 December 2025 which shall be published separately.

KEY RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes the importance of maintaining a good relationship with its stakeholders, including Shareholders, employees, suppliers, customers and other business associates. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

Details of an account of the Company's key relationships with its employees, suppliers, customers and other business associates that have a significant impact on the Company are set out in environmental, social and governance report of the Company for the year ended 31 December 2025 which shall be published separately.

REPORT OF THE DIRECTORS

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group may from time to time become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of its business. During the year ended 31 December 2025, the Group had not been a party to, and was not aware of any threat of, any legal, arbitral or administrative proceedings, which would likely to have a material adverse effect on its business, financial conditions or results of operations.

SIGNIFICANT LEGAL PROCEEDINGS

During the Reporting Period and up to the date of this annual report, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company.

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

During the Reporting Period and up to the date of this report, none of the Company or any of its subsidiaries has made any purchase, sale or redemption of the listed securities of the Company (including sales of treasury shares (as defined under the Listing Rules).

As at 31 December 2025, the Company did not hold any treasury shares (as defined under the Listing Rules).

EVENTS AFTER THE REPORTING PERIOD

On 20 March 2026, the Company has changed its principal place of business in Hong Kong to Room 3711, 37/F, Hopewell Centre, No.183 Queen's Road East, Wanchai, Hong Kong. For details, please refer to the Company's announcement dated 20 March 2026.

Save as disclosed in this annual report, the Company is not aware of any material subsequent events from 31 December 2025 and up to the date of this annual report.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

AUDITOR

Since the Listing Date, the auditor of the Company has not changed. The consolidated financial statements for the year ended 31 December 2025 have been audited by ZHONGHUI ANDA CPA Limited, Certified Public Accountants and Registered Public Interest Entity Auditor, who are proposed for re-appointment as auditor of the Company at the AGM.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on Friday, 22 May 2026. Notice of the AGM will be published and issued to the Shareholders of the Company in due course.

REPORT OF THE DIRECTORS

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the eligibility of the Company's Shareholders to attend and vote at the 2026 AGM, the record date will be Friday, 22 May 2026 and the register of members of the Company will be closed from Tuesday, 19 May 2026, to Friday, 22 May 2026 (both days inclusive), during which period no transfer of Shares will be registered. All properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Monday, 18 May 2026, for registration.

For the purpose of determining the entitlement of the Shareholders to the proposed final dividend, the record date will be Friday, 10 July 2026 and the register of members of the Company will be closed from Wednesday, 8 July 2026 to Friday, 10 July 2026 (both days inclusive), during which period no transfers of Shares will be registered. In order to qualify for the proposed final dividend, which is subject to approval of the Shareholders at the 2026 AGM, all transfers documents accompanied by the relevant share certificate(s) must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at the same address mentioned above before 4:30 p.m. on Tuesday, 7 July 2026.

By order of the Board

RUICHANG INTERNATIONAL HOLDINGS LIMITED

Mr. LU Bo

Chairman of the Board, Chief Executive Officer and executive Director

Hong Kong, 20 March 2026

CORPORATE GOVERNANCE REPORT

The Board of Directors is pleased to present the corporate governance report for the Company for the Reporting Period.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted the principles and code provisions under Part 2 of CG Code as the basis of the Company's corporate governance practices.

The Directors are of the view that during the Reporting Period, the Company has complied with all applicable code provisions of the CG Code save and except for the following deviation from code provision C.2.1 of the CG Code.

Under code provision C.2.1 under Part 2 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. LU Bo ("**Mr. Lu**") has been serving as the chairman of the Board and chief executive officer of our Company ("**Chief Executive Officer**"). He is primarily responsible for the overall strategic planning, business direction and operational management of our Group. Mr. Lu has been with our Group since January 1994. Mr. Lu has extensive experience in the business operations and management of our Group. Our Board believes that, in view of his experience, personal profile and his roles in our Company, Mr. Lu is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as our Chief Executive Officer. Our Board also believes that the combined role of chairman and chief executive officer can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board. Our Directors consider that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees, and the three independent non-executive Directors.

The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of chairman and the chief executive officer is necessary.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding dealings in the securities of the Company by the Directors and the Company's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company or its securities.

Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the Reporting Period. In addition, the Company is not aware of any noncompliance of the Model Code by the employees of the Company who are likely to be in possession of inside information of the Company during the Reporting Period.

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board takes overall responsibility to oversee all major matters of the Group, including the formulation and approval of all policy matters, overall strategic development of the Group, monitoring and controlling the Group's operation and financial performance, internal control and risk management systems, and monitoring of the performance of the senior management. The Directors have to make decisions objectively in the interests of the Company. The daily management, administration and operation of the Company are delegated to the Chief Executive Officer and the senior management of the Company. The Company's senior management is responsible for the day-to-day management of the Group's business and is responsible for overseeing the general operation, business development, finance, marketing, and operations. The delegated functions and work tasks are periodically reviewed.

CORPORATE GOVERNANCE REPORT

The Board also regularly reviews the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing such responsibilities. To better manage the Group's corporate governance performance and identify potential risks, the Board conducts annual review ensuring the effectiveness of Board independence.

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

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and the Shareholders at all times.

The Board currently comprises five executive Directors and three independent non-executive Directors. As at the date of this annual report, the composition of the Board is as follows:

Executive Directors

Mr. LU Bo (陸波) (*Chairman and Chief Executive Officer*)

Ms. LU Xiaojing (陸曉靜)

Ms. BAI Wei (白薇)

Mr. SHAO Song (邵松)

Ms. WU Rui (吳瑞)

Independent Non-executive Directors

Mr. BAU Siu Fung (鮑小豐)

Mr. SHEN Cheng (沈誠)

Mr. JIANG Li (蔣勵)

The biographical details of the Directors are set out in the section headed "Directors and Senior Management" on pages 18 to 21 of this annual report.

To the best knowledge of the Board, there has been no other financial, business, family, or other material/relevant relationships among members of the Board.

COMPANY'S CULTURE

The Company aims to leverage the competitive strengths to capture the diversified market demand and solidify the market position in the manufacture and sale of petroleum refinery and petrochemical equipment.

The Board is also committed towards the lawful, ethical and responsible operation of our business by monitoring and evaluating our corporate culture from time to time to provide a solid guarantee regarding the sustainable development of the Company, and drives partners to fulfill their compliance responsibilities with their own compliant operation, so as to create a healthy and honest operating environment.

CORPORATE GOVERNANCE REPORT

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

Each of the executive Directors and independent non-executive Directors of the Company has entered into a service contract/appointment letter with the Company which contains provisions in relation to, among other things, compliance of relevant laws and regulations, observance of the Articles of Association and provisions on arbitration.

The initial term for their respective service contract/appointment letter shall commence from the Listing Date/the date of appointment and continue for a period of three years subject always to re-election as and when required under the Articles of Association, until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's notice in writing by either the Directors or our Company.

Save as disclosed above, none of the Directors has or is proposed to have entered into any service contract with any member of the Group (excluding agreements expiring or determinable by any member of the Group within one year without payment of compensation other than statutory compensation).

In accordance with the Articles of Association and the requirements of relevant laws and regulations, all Directors are subject to retirement by rotation at least once every three years and any new Director appointed to fill a casual vacancy shall submit himself/herself to the Shareholders for election at the next following general meeting of the Company after appointment and any new Director appointed as an addition to the Board shall submit himself/herself to the Shareholders for re-election at the next following annual general meeting of the Company after appointment. The procedures and process of appointment, re-election and removal of directors are set out in detail in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment of Directors and succession planning for Directors and assessing the independence of independent non-executive Directors.

BOARD DIVERSITY POLICY AND WORKFORCE DIVERSITY

The Company has adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of the Board in order to enhance the effectiveness of the Board and maintain a high standard of corporate governance.

The Nomination Committee will continue to monitor and evaluate the implementation of the board diversity policy from time to time to ensure its continued effectiveness and to ensure that the Board maintains a balanced diverse profile. Pursuant to the Board Diversity Policy, the Nomination Committee is committed to achieve board diversity through the consideration of a number of factors when selecting the candidates to the Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural, education background and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to the Board.

The Company recognises the particular importance of gender diversity. The Board currently comprises eight Directors, including three female Directors and five male Directors with a balanced mix of knowledge, skills, perspectives and experience, including overall management and strategic development, business, science, investment, accounting and consulting. The Company has three independent non-executive Directors who have different industry backgrounds, including accounting, legal and finance. Furthermore, the Board has a relatively wide range of ages, ranging from 42 to 62 years old.

CORPORATE GOVERNANCE REPORT

The current board composition satisfies the target gender mix of our Board. The Company will continue to take steps to promote gender diversity and achieve gender balance of the Board. The Company will also actively identify female individuals suitably qualified to become the Board members and aim to further increase the female representation in the Board. To further ensure gender diversity of the Board in a long run, the Company will also identify and select female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such female individuals who possess qualities to become the Board members, which will be reviewed by our nomination committee periodically in order to develop a pipeline of potential successors to the Board to promote gender diversity of the Board.

As at 31 December 2025, female and male employees represented approximately 17.02% and 82.98% respectively of our total number of employees (including senior management) and 50% and 50% respectively of our senior management). The Company recognises the importance and benefit of having different genders in the working environment, and shall further strengthen the Company's gender diversity in the workplace in the future where possible.

MEASURABLE OBJECTIVES

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

- (i) Independence: The Board should include a balanced composition of executive and independent non-executive Directors so that there is a strong element of independence in the Board. The independent non-executive Directors shall be of sufficient calibre and stature for their views to carry weight.
- (ii) Skills and experience: The Board possesses a balance of skills appropriate for the requirements of the business of the Company. The Directors have a mix of finance, academic and management backgrounds that taken together provide the Company with considerable experience in a range of activities.
- (iii) Gender equality: The Board consists of three female Directors.

Apart from the above objectives, the Board Diversity Policy has complied with the following objectives with the Listing Rules:

1. at least one third of the members of the Board shall be independent non-executive Directors;
2. at least three of the members of the Board shall be independent non-executive Directors; and
3. at least one of the independent non-executive Director shall have obtained appropriate professional qualifications or accounting or related financial management expertise.

The Board has achieved the measurable objectives in the Board Diversity Policy.

CORPORATE GOVERNANCE REPORT

BOARD MEETINGS

Code provision C.5.1 of the CG Code prescribes that at least four regular Board meetings should be held in each year at approximately quarterly intervals with active participation of majority of directors, either in person or through electronic means of communication.

The Company adopts the practice of holding Board meetings regularly, at least four times a year and at approximately quarterly intervals. Notices of not less than 14 days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for regular Board meetings. For other Board meetings and Board committees meetings, reasonable notice is generally given. The agenda and accompanying board papers are despatched to the Directors or Board committees members at least three days before such meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board committees members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting. Minutes of the Board meetings and committee meetings are kept by the company secretary of the Company with copies circulated to all Directors for information and records.

The matters considered by the Board and Board committees and the decisions reached are recorded in sufficient details in the minutes of the Board meetings and Board committees meetings. Such details include, but are not limited to, any concerns raised by the Directors. The draft minutes of each Board meeting and Board committees meeting are sent to the relevant Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors.

During the Reporting Period, seven Board meetings were held and the chairman held one meeting with independent non-executive Directors without presence of other Directors. All Directors have separate and independent access to the senior management and the joint company secretary of the Company at all times and may seek independent professional advice at the Company's expense. Where queries are raised by Directors, steps would be taken to respond as promptly and fully as possible.

CORPORATE GOVERNANCE REPORT

A summary of the attendance record of the Directors at Board meetings and committee meetings held during the Reporting Period is set out in the following table below:

Name of Director	Number of meeting(s) attended/number of meeting(s) held during the Reporting Period				
	Board meeting	Audit Committee	Remuneration Committee	Nomination Committee	General meeting
Executive Directors					
Mr. LU Bo (陸波)	7/7	N/A	N/A	2/2 ⁽¹⁾	1/1
Ms. LU Xiaojing (陸曉靜)	7/7	N/A	N/A	0/0 ⁽¹⁾	1/1
Ms. BAI Wei (白薇)	7/7	N/A	N/A	N/A	1/1
Mr. SHAO Song (邵松)	7/7	N/A	N/A	N/A	1/1
Ms. WU Rui (吳瑞)	7/7	N/A	N/A	N/A	1/1
Independent Non-executive Directors					
Mr. BAU Siu Fung (鮑小豐)	7/7	2/2	2/2	N/A	1/1
Mr. SHEN Cheng (沈誠)	7/7	2/2	2/2	2/2	1/1
Mr. JIANG Li (蔣勵) (Appointed on 19 May 2025)	6/7	1/1 ⁽²⁾	0/0 ⁽²⁾	0/0 ⁽²⁾	0/0
Mr. TU Shenwei (塗申偉) (Resigned on 19 May 2025)	1/7	1/1 ⁽³⁾	2/2 ⁽³⁾	2/2 ⁽³⁾	1/1

Notes

- Mr. LU Bo ceased to be the chairman of the Nomination Committee of the Board. Mr. Shen Cheng, an independent non-executive Director and a member of the Nomination Committee, was appointed as the chairman of the Nomination Committee and Ms. LU Xiaojing, an executive Director, was appointed as a member of the Nomination Committee. All with effect from 30 June 2025.
- Mr. JIANG Li, an independent non-executive Director was appointed as the chairman of the Audit Committee, the chairman of the Remuneration Committee and a member of the Nomination Committee on the day of his appointment as a Director on 19 May 2025.
- Mr. TU Shenwei, an independent non-executive Director, ceased to be the chairman of the Audit Committee, the chairman of the Remuneration Committee and a member of the Nomination Committee on the day of his resignation as a director on 19 May 2025.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Save as disclosed in this annual report, during the Reporting Period and up to the date of this annual report, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

During the Reporting Period, the Company did not receive from the independent non-executive Directors of any subsequent change of circumstances which may affect his independence. The Company has received the annual confirmations of independence from each of the independent non-executive Directors. The Board has considered the independence of each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules and considers each of them to be independent.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. Each of these committees is established with defined written terms of reference. The terms of reference of each of these committees are available on the websites of the Company and the Stock Exchange.

Audit Committee

The Company has established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph A.2 and paragraph D.3 of the CG Code. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by the Board. The Audit Committee currently consists of three independent non-executive Directors being Mr. JIANG Li, Mr. SHEN Cheng and Mr. BAU Siu Fung. The chairperson of the Audit Committee is Mr. JIANG Li. Mr. BAU Siu Fung holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

During the Reporting Period, two meetings were held by the Audit Committee. The Audit Committee also met with the external auditors twice during the Reporting Period. The Audit Committee had reviewed together with the management the accounting principles and policies adopted by the Group and discussed internal controls and financial reporting matters including a review of the annual results for the year ended 31 December 2024 and the interim results for the six months ended 30 June 2025. The Audit Committee has also reviewed and discussed the risk management and internal control measures and systems of the Company, the effectiveness of the Company's internal audit function, financial reporting and the appointment of the external auditors, including selecting and assessing the independence and qualifications of the external auditors, and ensuring effective communication between the Directors and external auditors. During the Reporting Period, the Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of external auditor. Please see the paragraph titled "Board Meetings" above for the attendance record of each member of the Audit Committee.

Remuneration Committee

The Company has established a Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the CG Code. The Remuneration Committee consists of three independent non-executive Directors being Mr. JIANG Li, Mr. SHEN Cheng and Mr. BAU Siu Fung. Mr. JIANG Li is the chairperson of the Remuneration Committee. The primary duties of the Remuneration Committee include, but are not limited to, the following: (i) making recommendations to our Board on our policy and structure for all remuneration of Directors and senior management based on the first model underlined in code provision E.1.2(c) under Part 2 of the CG Code and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining the specific remuneration packages of all Directors and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time. The Remuneration Committee will also have the responsibilities of reviewing and approving matters relating to share scheme in accordance with Chapter 17 of the Listing Rules.

During the Reporting Period, two meetings were held by the Remuneration Committee to (i) assess performance of Directors and senior management; (ii) review and consider the remuneration packages for the Director of the Company and (iii) review the remuneration policy. Please see the paragraph titled "Board Meetings" above for the attendance record of each member of the Remuneration Committee.

The emoluments of the Directors and senior management of the Group are decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the individual performance and comparable market statistics. Details of the Directors' remuneration are set out in Note 11 to the consolidated financial statements in this annual report.

CORPORATE GOVERNANCE REPORT

Details of the emoluments of the Directors for the year ended 31 December 2025 are set out in Note 11 to the consolidated financial statements in this annual report. The remuneration of the members of senior management (including the executive Directors) by band for the year ended 31 December 2025 is set out below:

Remuneration by band (RMB)	Number of person(s)
Nil to HK\$1,000,000	7
HK\$1,000,001 to HK\$1,500,000	1
	8

Nomination Committee

The Company has established a Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of the CG Code. The Nomination Committee consists of one executive Director, namely, Ms. LU Xiaojing, and two independent non-executive Directors, namely, Mr. JIANG Li and Mr. SHEN Cheng. Mr. SHEN Cheng is the chairperson of the Nomination Committee. The primary duties of the Nomination Committee include, without limitation, reviewing the structure, size and composition of our Board, assessing the independence of independent non-executive Directors and making recommendations to our Board on matters relating to the appointment of Directors.

During the Reporting Period, two meetings were held by Nomination Committee to (i) review the structure, size and composition of the Board (including the skills, knowledge and experience); (ii) make recommendation to the Board in respect of the appointment of Directors and the re-election of the retiring Directors by rotation at the AGM ; (iii) assess the independence and appointment (where applicable) of the independent non-executive Directors; (iv) make the assessment of each director's time commitment and contribution to the board, as well as the director's ability to discharge his or her responsibilities effectively; and (v) review the Company's director nomination policy, board diversity policy and policy for corporate governance, to ensure that it is in compliance with the Listing Rules and the CG Code.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning board diversity as set out in the board diversity policy. The Nomination Committee has discussed and agreed on measurable objectives for achieving diversity on the Board. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the nomination policy that are necessary to complement the corporate strategy and achieve board diversity, where appropriate, before making recommendation to the Board.

Dividend Policy

The Company does not have any fixed dividend policy nor pre-determined dividend payout ratio. The declaration of dividends is subject to the discretion of the Board. Any declaration of final dividend by the Company shall also be subject to the approval of the shareholders in a shareholders meeting. The Directors may recommend a payment of dividends in the future after taking into account the operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure, future development requirements, Shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to the constitutional documents, applicable laws and regulations and approval of the Shareholders. As the Company is a holding company, the ability to declare and pay dividends will depend on the receipt of sufficient funds from the subsidiaries. Any future declarations and payments of dividends may or may not reflect the historical declarations and payments of dividends and will be at the absolute discretion of the Directors.

CORPORATE GOVERNANCE REPORT

Nomination Policy

The Company has adopted a Director nomination policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level (the “**Director Nomination Policy**”). The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- (a) Integrity and reputation;
- (b) Educational background, professional qualifications and work experience;
- (c) Whether or not they have the necessary knowledge, skills and experience;
- (d) Whether or not they are able to spend sufficient time and energy to handle the Company's affairs;
- (e) Whether or not they will promote the diversity of the Board in all aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and term of office;
- (f) Whether or not the candidates for independent directors meet the requirements for independence under Rule 3.13 of the Listing Rules; and
- (g) Any other relevant factors as determined by the Nomination Committee or the Board from time to time.

CORPORATE GOVERNANCE FUNCTION

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

The Board would review the Company's corporate governance policies and practices, training and continuous professional development of the Directors and the senior management, the Company's policies and practices on compliance with legal and regulatory requirements, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report. The Board has performed the above duties during the Reporting Period.

DIRECTOR' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board, supported by the finance department, is responsible for the preparation of the financial statements of the Company and the Group for each financial year which shall give a true and fair view of the financial position, performance and cash flow of the Company and its subsidiaries for that period. The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2025.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

CORPORATE GOVERNANCE REPORT

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Pursuant to the paragraph C.1.1 of the CG Code, each newly appointed Director should be provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statutes, laws, rules and regulations. The newly appointed Independent Non-executive Director, Mr. JIANG Li, has received a comprehensive, formal and tailored induction on appointment. Mr. JIANG Li has obtained the legal advice stipulated under Rule 3.09D of the Listing Rules on 16 May 2025 and confirmed understanding of his obligations as a Director of the Company.

Pursuant to the paragraph C.1 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

During the year ended 31 December 2025, all of the following Directors participated in continuous professional development by attending trainings related to the Group's businesses, Listing Rules, legal and regulatory requirements and corporate governance practices, and by reading relevant materials to keep themselves abreast of regulatory developments and changes, to develop and refresh their knowledge and skills:

Name of Director	Participated in continuous professional training
Executive Directors	
Mr. LU Bo (陸波)	✓
Ms. LU Xiaojing (陸曉靜)	✓
Ms. BAI Wei (白薇)	✓
Mr. SHAO Song (邵松)	✓
Ms. WU Rui (吳瑞)	✓
Independent Non-executive Directors	
Mr. BAU Siu Fung (鮑小豐)	✓
Mr. SHEN Cheng (沈誠)	✓
Mr. JIANG Li (蔣勵) (<i>Appointed on 19 May 2025</i>)	✓
Mr. TU Shenwei (塗申偉) (<i>Resigned on 19 May 2025</i>)	✓

EXTERNAL AUDITOR'S RESPONSIBILITY AND REMUNERATION

The statement of the independent auditors of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditors' Report on page 53. The external auditors of the Company shall attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditors' report and auditor independence. The remuneration paid or payable to the Company's external auditor in respect of audit services and non-audit services (such non-audit services are related to tax services) for the year ended 31 December 2025 amounted to approximately RMB0.7 million and RMB0.3 million, respectively.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges that it is responsible for the Group's risk management and internal control systems and reviewing their effectiveness on an ongoing basis. The risk management and internal control measures are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. During the Reporting Period, the Board, with the assistance of the Audit Committee, has reviewed of the effectiveness of the risk management and internal control system of the Group (including all material controls, including financial, compliance and operational controls as well as risk management mechanisms) and considered the system effective and adequate. No material changes to the risk management and the internal control system were implemented during the Reporting Period.

The Group has established a complete risk management and internal control system, comprising internal control environment, risk assessment, control activities, information and communication, and supervision, to ensure the legality and compliance of the Group's operations, asset security, truthfulness and completeness of financial reports and related information, continuous improvement of operational efficiency and effectiveness, and to ensure the Group's long-term sustainable development. The system would evaluate and manage significant risks and to resolve material internal control defects.

The Board is responsible for determining the goals of risk management, continuously monitoring the risk management and internal control system, and ensuring its effectiveness. The Audit Committee directly reviews and supervises the effectiveness of risk management and internal control systems, and report to the Board. The senior management is responsible for leading and organizing the establishment, implementation, and supervision of risk management and internal control system. The Group has established three lines of defense for risk management, including each of the individual departments, management team, and supervision function. All three lines of defense work together in a closed cycle providing oversight and supervision to each other, and to resolve material internal control defects, if any. The three lines of defense comprehensively monitors risk factors on a regular basis and effectively reducing the occurrence of risks in the Group's operation. There were no material changes to the assessment of risks during the Reporting Period.

The Company has an internal audit function to carry out the analysis and independent appraisal of the adequacy and effectiveness of the systems, and has procedures in place to keep information confidential and manage actual or potential conflicts of interest. The Board has overseen the Company's risk management and internal control systems on an ongoing basis. A year end review of the effectiveness of the Company's and its subsidiaries risk management and internal control systems has been conducted annually. The Board believes that there are no material internal controls deficiencies and an effective and adequate risk management and internal control system is in place to safeguard the assets of the Group. The Group will continue to enhance the system to cope with the changes in the business environment.

The Group has also adopted an information disclosure policy which sets out comprehensive guidelines in respect of handling and dissemination of inside information. Release of inside information shall be overseen by the Board. Unless authorised by the Board, staff members of the Group are not permitted to disseminate inside information relating to the Group to any external parties. The Audit Committee and management together monitor the implementation of our risk management policies on an ongoing basis to ensure our policies and implementation are effective and sufficient.

The Board, with the assistance of the Audit Committee, has also reviewed and was satisfied with the adequacy of the Company's resources, the staff's qualifications and experience, the training courses and the related budgets in accounting, internal review and financial reporting functions.

The Group engaged First Shanghai Capital Limited as the compliance adviser to provide professional advice to Directors and management team during the Reporting Period and up to the date of this annual report.

CORPORATE GOVERNANCE REPORT

Anti-bribery, anti-corruption and whistle-blowing policies

The Group committed to implementing anti-corruption measures as a part of our ambition to achieve sustainable business integrity. Upholding principles of fairness and morality, we have zero tolerance for unethical business practices such as bribery, fraud, corruption, extortion, and money laundering. We conduct regular training and onboarding training for all employees, keeping them updated and informed about anti-corruption laws and regulations and the Company's corresponding policies. We strictly comply with the Supervision Law of the People's Republic of China as well as other relevant legislations, ensuring our corporate conduct is both ethical and lawful. We also have developed internal policies such as Employee Anti-Bribery and Anti-Corruption Behaviour Guidelines (《員工反賄賂反腐敗行為準則》). Employee Anti-Bribery and Anti-Corruption Behaviour Guidelines (《員工反賄賂反腐敗行為準則》) clearly stipulates specific requirements in respect of business referrals, private investments, business opportunities, gifts, property and gratuities. In addition, we also established the Whistleblowing and Whistleblower Protection Reward Program (《舉報及舉報人保護獎勵程序》), which regulates the process of handling matters. We established unimpeded petition whistleblowing channels, including via phone and email, encouraging employees to report any violations of discipline and regulations in relation to corruption actions and protect the whistle-blower in accordance with related internal rules.

Further details on our anti-corruption and whistleblower policies are disclosed in the environmental, social and governance report of the Company for the year ended 31 December 2025 which shall be published separately.

During the Reporting Period, the Group was not aware of any non-compliance with relevant laws and regulations relating to bribery, extortion, fraud and money laundering that have a significant impact on the operations of the Company. There were no concluded legal cases regarding corrupt practices brought against its employees during the Reporting Period.

JOINT COMPANY SECRETARIES

On 31 July 2025, Mr. FU Cong has tendered his resignation as the joint company secretary of the Company. For details, please refer to the Company's announcement dated 31 July 2025.

On 29 September 2025, Mr. CHOW Shing Lung has replaced Mr. LEE Chung Shing as (i) the company secretary of the Company; (ii) the authorised representative of the Company under the Rule 3.05 of the 'Listing Rules' on the Stock Exchange (the "**Authorised Representative**"); and (iii) the representative for acceptance of service of process and notices on behalf of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Process Agent**"). For details, please refer to the Company's announcement dated 29 September 2025.

On 23 December 2025, Ms. GUO Haiyang has been appointed as the joint company secretary of the Company. For details, please refer to the Company's announcement dated 23 December 2025.

On 20 March 2026, Ms. KWOK Yan Ting Jennis replaced Mr. CHOW Shing Lung as (i) the company secretary of the Company; (ii) the Authorised Representative; and (iii) the Process Agent. For details, please refer to the Company's announcement dated 20 March 2026.

Mr. CHOW Shing Lung and Ms. GUO Haiyang have confirmed that they have taken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules during the year ended 31 December 2025. The biographies of Ms. KWOK Yan Ting Jennis and Ms. Guo Haiyang are set out in the section headed "Directors and Senior Management" in this annual report.

Ms. KWOK Yan Ting Jennis and Ms. GUO Haiyang are the joint company secretaries of the Company. Ms. KWOK Yan Ting Jennis is not an employee of the Group and Ms. GUO Haiyang, the director of investment and financing of the Company is the person whom Ms. KWOK Yan Ting Jennis can contact for the purpose of code provision C.6.1 of the CG Code.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

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

Convening an extraordinary general meeting by Shareholders

Pursuant to the article 17 of the Articles of Association, the Directors may call general meetings, and they shall on a Members' requisition forthwith proceed to convene an extraordinary general meeting of the Company. A Members' requisition is a requisition of one or more Members holding at the date of deposit of the requisition not less than 10% of the voting rights, on a one vote per share basis, of the issued Shares which as at that date carry the right to vote at general meetings of the Company. The Members' requisition must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionists and deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.

If there are no Directors as at the date of the deposit of the Members' requisition or if the Directors do not within 21 days from the date of the deposit of the Members' requisition duly proceed to convene a general meeting to be held within a further 21 days, the requisitionists, or any of them representing more than one-half of the total voting rights of all of the requisitionists, may themselves convene a general meeting, but any meeting so convened shall be held no later than the day which falls three months after the expiration of the said 21 day period. A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

Putting forward proposals at general meetings

The Board is not aware of any provisions allowing the Shareholders to put forward proposals at general meetings of the Company under the Articles of Association and the Cayman Companies Act. Shareholders who wish to put forward proposals at general meetings may refer to the preceding paragraph to make a written requisition to require the convening of an extraordinary general meeting of the Company.

Putting forward enquiries to the Board

For putting forward any enquiries to the Board, shareholders of the Company may send written enquiries to the Company, the contact details of which are contained on the website of the Company (www.ruichang.com.cn).

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers effective communication with Shareholders and investors. There are a number of formal communication channels which the Company uses to report and account to Shareholders and investors for the performance of the Company. These include (i) the publication of interim and annual reports; (ii) the annual general meeting or extraordinary general meetings, which provide a forum for Shareholders to raise comments and exchanging views with the Board; (iii) updates of key information of the Group that are made available to Shareholders and investors through the websites of the Stock Exchange and the Company; (iv) the Company's website providing dedicated contact details to facilitate direct communications between the Company and its Shareholders and investors; and (v) the Company's share registrars in Hong Kong, which serve Shareholders in respect of all share registration matters.

The Company aims to provide its Shareholders and investors with high standards of disclosure and financial transparency. The Board is committed to providing clear, detailed and timely information that concerns the Group to Shareholders and on a regular basis. This is achieved through our interim and annual reports, investor presentations as well as circulars, notices and other announcements.

The Board regularly reviews our existing channels of communication with Shareholders and investors to make sure that they remain effective and provides recommendations for improvements when needed. The Board considers our current practices were well-implemented throughout the year and achieved satisfactory results.

CHANGES IN CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2025, the Company did not make any significant changes to its constitutional documents. The Second Amended and Restated Memorandum and Articles of Association is available on the websites of the Company and Stock Exchange.

INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF RUICHANG INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Ruichang International Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 54 to 119, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Impairment assessments of trade receivables and contract assets

Refer to Notes 24 and 29 to the consolidated financial statements

The Group tested the amounts of trade receivables and contract assets for impairment. This impairment test is significant to our audit because the balances of trade receivables and contract assets of RMB328,675,000 and RMB35,580,000, respectively, as at 31 December 2025 are material to the consolidated financial statements. In addition, the Group’s impairment test involves application of judgement and is based on estimates.

INDEPENDENT AUDITOR'S REPORT

Our audit procedures included, among others:

- Obtaining an understanding and assessing the key controls in respect of ECL assessment on these receivables;
- Assessing the Group's relationship and transaction history with the debtors;
- Testing the appropriateness and accuracy of receivables' ageing report, on a sample basis;
- Assessing creditworthiness of the debtors;
- Evaluating the competence, capabilities and objectivity of the independent professional valuer of the Group;
- Reviewing the historical settlement pattern of the receivables from debtors;
- Checking subsequent settlements from the debtors; and
- Assessing the disclosure of the Group's exposure to credit risk in the consolidated financial statements.

We consider that the Group's impairment test for trade receivables and contract assets is supported by the available evidence.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:

<https://www.hkicpa.org.hk/en/Standards-setting/Standards/Our-views/auditre>

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Tse Kit Yan

Audit Engagement Director

Practising Certificate Number P08158

Hong Kong, 20 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	7	501,959	444,188
Cost of sales		(353,832)	(301,214)
Gross profit		148,127	142,974
Other income and gains, net	9	6,637	7,934
Selling expenses		(35,726)	(27,408)
Administrative expenses		(66,976)	(50,350)
Research and development expenses	13	(32,316)	(31,561)
Listing expenses	13	–	(14,909)
Impairment losses of financial assets and contract assets	13	(7,923)	(5,696)
Share of results of an associate	20	111	71
Finance costs	10	(5,579)	(6,187)
Profit before tax		6,355	14,868
Income tax expenses	12	(1,732)	(4,539)
Profit for the year	13	4,623	10,329
Other comprehensive income/(loss) after tax:			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value changes of financial assets at fair value through other comprehensive income ("FVTOCI")		(328)	2,567
Exchange differences arising on translation of foreign operations		129	–
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		337	122
Total comprehensive income for the year		4,761	13,018
Profit for the year attributable to:			
Owners of the Company		5,016	10,329
Non-controlling interests		(393)	–
		4,623	10,329
Total comprehensive income for the year attributable to:			
Owners of the Company		5,154	13,018
Non-controlling interests		(393)	–
		4,761	13,018
Earnings per share attributable to owners of the Company			
Basic and diluted (RMB cents)	14	1.00	2.38

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	79,990	58,674
Investment property	17	–	10,639
Right-of-use assets	18	63,145	44,820
Intangible assets	19	4,128	4,446
Investment in an associate	20	904	793
Financial assets at fair value through other comprehensive income	21	23,304	18,632
Deferred tax assets	22	3,771	3,276
		175,242	141,280
CURRENT ASSETS			
Inventories	23	64,712	52,040
Trade and notes receivables	24	353,755	252,606
Prepayments, other receivables and other assets	25	104,339	80,958
Financial assets at fair value through profit or loss	26	19,214	9,350
Contract assets	29	35,580	41,177
Pledged deposits	27	14,793	19,629
Cash and bank balances	27	116,831	129,910
		709,224	585,670
CURRENT LIABILITIES			
Trade and notes payables	28	240,278	154,430
Contract liabilities	29	17,118	31,564
Accruals and other payables	30	32,566	34,837
Bank borrowings	31	90,000	105,158
Lease liabilities	32	1,857	1,575
Tax payable		1,951	3,636
		383,770	331,200
NET CURRENT ASSETS		325,454	254,470
TOTAL ASSETS LESS CURRENT LIABILITIES		500,696	395,750

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT LIABILITIES			
Bank borrowings	31	104,200	–
Lease liabilities	32	5,759	7,404
		109,959	7,404
NET ASSETS			
		390,737	388,346
CAPITAL AND RESERVES			
Share capital	33	36	36
Reserves	34	373,164	388,010
Equity attributable to owners of the Company		373,200	388,046
Non-controlling interests	39	17,537	300
TOTAL EQUITY		390,737	388,346

The notes on pages 60 to 119 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 54 to 119 were approved and authorised for issue by the board of directors on 20 March 2026 and are signed on its behalf by:

Lu Bo
 Director

Lu Xiaojing
 Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

	Attributable to owners of the Company									
	Share capital	Share premium	Capital reserve	Investment revaluation reserve	Foreign currency translation reserve	Statutory reserve	Retained profits	Sub-Total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000 (Note 34)	RMB'000	RMB'000	RMB'000 (Note 34)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	-	-	33,578	(2,645)	7,617	27,023	229,582	295,155	-	295,155
Profit for the year	-	-	-	-	-	-	10,329	10,329	-	10,329
<i>Other comprehensive income for the year:</i>										
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	-	-	-	2,567	-	-	-	2,567	-	2,567
Exchange differences arising on translation of foreign operations	-	-	-	-	122	-	-	122	-	122
Total comprehensive income for the year	-	-	-	2,567	122	-	10,329	13,018	-	13,018
Issuance of shares upon listing on the Hong Kong Stock Exchange	9	118,819	-	-	-	-	-	118,828	-	118,828
Capitalisation issue	27	(27)	-	-	-	-	-	-	-	-
Capitalisation of listing expenses	-	(18,955)	-	-	-	-	-	(18,955)	-	(18,955)
Dividend declared and paid (note 15)	-	-	-	-	-	-	(20,000)	(20,000)	-	(20,000)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	300	300
Transfer from retained profits	-	-	-	-	-	3,919	(3,919)	-	-	-
At 31 December 2024 and 1 January 2025	36	99,837	33,578	(78)	7,739	30,942	215,992	388,046	300	388,346
Profit for the year	-	-	-	-	-	-	5,016	5,016	(393)	4,623
<i>Other comprehensive income/(loss) for the year:</i>										
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	-	-	-	(328)	-	-	-	(328)	-	(328)
Exchange differences arising on translation of foreign operations	-	-	-	-	466	-	-	466	-	466
Total comprehensive income for the year	-	-	-	(328)	466	-	5,016	5,154	(393)	4,761
Dividend declared and paid (note 15)	-	-	-	-	-	-	(20,000)	(20,000)	-	(20,000)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	17,630	17,630
At 31 December 2025	36	99,837	33,578	(406)	8,205	30,942	201,008	373,200	17,537	390,737

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	2025 RMB'000	2024 RMB'000
Cash flows from operating activities		
Profit before tax	6,355	14,868
Adjustments for:		
Amortisation of intangible assets	761	565
Depreciation of investment property	97	480
Depreciation of property, plant and equipment	7,761	6,124
Depreciation of right-of-use assets	2,627	4,560
Finance costs	5,579	6,187
Net exchange (gain)/loss	(107)	37
Interest income	(1,877)	(1,038)
Loss on disposal of property, plant and equipment	55	18
Loss on lease termination	-	29
Share of results of an associate	(111)	(71)
Impairment losses of financial assets and contract assets	7,923	5,696
Fair value change on investments at fair value through profit or loss	715	(163)
Operating profit before working capital changes	29,778	37,292
Change in accruals and other payables	(2,271)	(6,357)
Change in contract assets	4,773	9,519
Change in contract liabilities	(14,446)	(44,473)
Change in inventories	(12,672)	14,702
Change in pledged deposits	4,836	1,828
Change in prepayments, deposits and other receivables	(3,277)	(20,579)
Change in trade and notes payables	85,848	5,083
Change in trade and notes receivables	(105,488)	66,595
Cash (used in)/generated from operations	(12,919)	63,610
Income tax paid	(3,912)	(8,811)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(16,831)	54,799
Cash flows from investing activities		
Interest received	1,877	1,038
Loans to third parties	(27,471)	(11,650)
Repayment from third parties	6,650	-
Proceeds from disposal of property, plant and equipment	235	159
Purchases of property, plant and equipment	(24,705)	(10,908)
Additions to land use rights	(1,941)	-
Payments for financial assets at fair value through profit or loss	(10,579)	(9,187)
Payments for financial assets at fair value through other comprehensive income	(5,000)	(1,710)
Purchases of intangible assets	(443)	(2,869)
NET CASH USED IN INVESTING ACTIVITIES	(61,377)	(35,127)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	2025 RMB'000	2024 RMB'000
Cash flows from financing activities		
Repayment of bank borrowings	(118,358)	(152,036)
Repayment of lease liabilities	(1,363)	(2,723)
Dividends paid	(19,250)	(10,102)
Interest paid	(5,579)	(6,187)
Addition of bank borrowings	207,400	135,358
Capital contribution from non-controlling interests	3,000	300
Net proceeds from shares issued	–	99,873
NET CASH GENERATED FROM FINANCING ACTIVITIES	65,850	64,483
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(12,358)	84,155
Effect of changes in foreign exchange rate	(721)	85
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	129,910	45,670
CASH AND CASH EQUIVALENTS AT END OF YEAR		
Cash and bank balances	116,831	129,910

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

1. GENERAL INFORMATION

RUICHANG INTERNATIONAL HOLDINGS LIMITED (the “Company”) is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, and the address of the principal place of business is 20/F., Area A, Kaike International Building, No. 1801, Hongmei Road, Xuhui District, Shanghai, the PRC. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 10 July 2024 (the “Listing”).

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 39 to the consolidated financial statements. The Company and its subsidiaries are collectively referred to as the “Group”.

2. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

In the current year, the Group has adopted all the new and revised HKFRS Accounting Standards issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2025. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRS Accounting Standards did not result in significant changes to the Group’s accounting policies of the Group’s consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new HKFRS Accounting Standards that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRS Accounting Standards but is not yet in a position to state whether these new HKFRS Accounting Standards would have a material impact on its results of operations and financial position.

3. MATERIAL ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA, and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments that are measured at fair values, as set out below.

The preparation of consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 4 to the consolidated financial statements.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Merger accounting for business combination under common control

The consolidated financial statements incorporate the financial statements of the combining entities as if they had been combined from the date when they first came under the control of the controlling party.

The consolidated statements of profit or loss and other comprehensive income and consolidated statements of cash flows include the results and cash flows of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The consolidated statements of financial position have been prepared to present the assets and liabilities of the combining entities as if the Group structure upon the completion of reorganisation had been in existence at the end of each reporting period. The net assets of the combining entities are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or gain on bargain purchase at the time of common control combination, to the extent of the continuation of the controlling party's interest.

There was no adjustment made to the net assets nor the net profit or loss of any combining entities in order to achieve consistency of the Group's accounting policies.

Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Foreign currency translation

(i) **Functional and presentation currency**

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements is presented in RMB, which is the Company's presentation currency and the functional currency of the principal operating subsidiaries of the Group.

(ii) **Transactions and balances in each entity's consolidated financial statements**

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) **Translation on consolidation**

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in consolidated profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Buildings	4.5%
Leasehold improvements	Over the shorter of the lease terms and 20%
Machinery and electronic equipment	9% to 18%
Office equipment and others	18% to 33 1/3%
Motor vehicles	19%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

Construction in progress represents heat exchangers pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Investment property

Investment property is land and/or buildings held to earn rentals and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at cost less accumulated depreciation and impairment losses. The depreciation is calculated using the straight line method to allocate the cost to the residual value over its estimated useful life of 50 years.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets

Acquired intangible assets are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on straight-line basis over their estimated useful lives.

Purchased software

Acquired computer software are capitalised on the basis of the costs incurred to acquire and bring the specific software into usage. These costs are amortised using the straight-line method over their estimated useful lives of 3 to 10 years, which is estimated by the Group based on the expected useful life according to technical obsolescence and innovations. Costs associated with maintaining computer software programmes are recognised as expense as incurred.

Research and development costs

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

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

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

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

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

Group as a lessor

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

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises materials and components and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified under the following categories:

- Financial assets at amortised cost;
- Equity investments at fair value through other comprehensive income; and
- Investments at fair value through profit or loss.

Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

Equity investments at fair value through other comprehensive income

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that are not held for trading as at fair value through other comprehensive income.

Equity investments at fair value through other comprehensive income are subsequently measured at fair value with gains and losses arising from changes in fair values recognised in other comprehensive income and accumulated in the equity investment revaluation reserve. On derecognition of an investment, the cumulative gains or losses previously accumulated in the equity investment revaluation reserve are not reclassified to profit or loss.

Dividends on these investments are recognised in profit or loss, unless the dividends clearly represent a recovery of part of the cost of the investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial assets (continued)

Investments at fair value through profit or loss

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt investments at fair value through other comprehensive income unless the Group designates an equity investment that is not held for trading as at fair value through other comprehensive income on initial recognition.

Investments at fair value through profit or loss are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.

Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customers. The combination of those rights and performance obligations give rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligation. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("lifetime expected credit losses") for trade and other receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

To measure the expected credit losses, trade receivables and contract assets have been assessed based on credit risk characteristics of the customers with reference to a wide range of factors such as default rates of customers, ageing profile of overdue balances, the repayment and default histories of different customers, on-going business relationship with the relevant customers and forward-looking information that affecting the customers' ability to repay the outstanding balances. Details of the loss allowance of trade receivables and contract assets are included in Note 13.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade and other receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRS Accounting Standards. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Revenue Recognition

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

Manufacturing and sale of equipment

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

Other revenue

Rental income is recognised on a straight-line basis over the lease terms.

Interest income is recognised using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Employee benefits

(a) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) *Pension obligations*

The Group also participates in a defined contribution retirement scheme organised by the government in the PRC. The Group is required to contribute a specific percentage of the payroll of its employees to the retirement scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the retirement scheme. No forfeited contributions may be used by the employers to reduce the existing level of contributions.

(c) *Housing funds, medical insurances and other social insurances*

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(d) *Termination benefits*

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Related parties

A related party is a person or entity that is related to the Group.

- (A) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company.

- (B) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (A).
 - (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

Segment reporting

Operating segments and the amounts of each segment item reported in the financial statements are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources and assessing the performance of the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICIES (continued)

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets except deferred tax assets, inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

4. KEY ESTIMATES AND JUDGEMENTS

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

(a) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

(c) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

(d) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(e) Accounting for an interest in an investee

The Group has entered into a partnership agreement to invest in an unlisted entity, named Ningbo Bomijia Fund LP ("the Fund"). The director of the Company assessed whether or not the Group has control over the Fund based on whether the Group has power over the Fund, has rights to variable returns from its involvement with the Fund and has the ability to affect those returns through its power over the Fund. After assessment, the directors of the Company concluded that the Group does not have control over the Fund and accordingly, the Group has not consolidated the Fund during the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its transactions, assets and liabilities are principally denominated the functional currency of the entity to which they are related. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Credit risk

The carrying amounts of the cash and bank balances, trade receivables and other receivables included in the consolidated statements of financial position represent the Group's maximum exposure to credit risk in relation to the Group's financial assets.

It has policies in place to ensure that sales are made to customers with an appropriate credit history.

The credit risk on cash and bank balances is limited because the counterparties are banks with high credit-rating assigned by international credit-rating agencies.

The Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

- internal credit rating;
- external credit rating (if available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same borrower;
- significant changes in the value of the collateral or in the quality of guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

5. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group normally categorises a receivable for write off when a debtor fails to make contractual payments greater than 360 days past due. Where receivables have been written off, the Group, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

The Group uses the following category for non-trade receivables, which reflect their credit risk and how the loss provision is determined for the category. In calculating the expected credit loss rates, the Group considers historical loss rates for the following category and adjusts for forward looking data.

Category	Definition	Loss provision
Performing	Low risk of default and strong capacity to pay	12 months expected losses
Non-performing	Significant increase in credit risk	Lifetime expected losses

(c) Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

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

The maturity profile of the Group's financial liabilities as at 31 December 2025 and 2024, based on the contractual undiscounted payments, is as follows:

At 31 December 2025

	On demand or within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Total RMB'000
Trade and notes payables	240,278	–	–	240,278
Bank borrowings	92,347	44,515	66,981	203,843
Lease liabilities	1,930	2,087	3,899	7,916
Financial liabilities included in other payables and accruals	8,392	–	–	8,392
Total	342,947	46,602	70,880	460,429

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

5. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

At 31 December 2024

	On demand or within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Total RMB'000
Trade and notes payables	154,430	–	–	154,430
Bank borrowings	106,850	–	–	106,850
Lease liabilities	1,697	2,121	6,059	9,877
Financial liabilities included in other payables and accruals	9,584	–	–	9,584
Total	272,561	2,121	6,059	280,741

(d) Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the years ended 31 December 2025 and 2024.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 2024.

The Group monitors capital using a ratio, which is total liabilities divided by total equity. The Group's policy is to maintain the ratio at a healthy level in order to support its operation. The principal strategies adopted by the Group include, but not limited to, reviewing future cash flow requirements and ability to meet debt repayment plans and financing plans, if necessary, to ensure that the Group has a reasonable level of capital to support its operation. The ratios as at 31 December 2025 and 2024 were as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Total liabilities	493,729	338,604
Total equity	390,737	388,346
Ratio	126.36%	87.19%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

5. FINANCIAL RISK MANAGEMENT (continued)

(e) Interest rate risk

The Group's bank deposits and bank borrowings bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

(f) Categories of financial instruments

	At 31 December	
	2025	2024
	RMB'000	RMB'000
Financial assets		
Financial assets at amortised cost:		
Trade and notes receivables	353,755	252,606
Financial assets included in other receivables and other assets	80,246	54,922
Pledged deposits	14,793	19,629
Cash and bank balances	116,831	129,910
	565,625	457,067
Financial assets at fair value through profit or loss	19,214	9,350
Financial assets at fair value through other comprehensive income	23,304	18,632
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and notes payables	240,278	154,430
Lease liabilities	7,616	8,979
Bank borrowings	194,200	105,158
Financial liabilities included in other payables and accruals	8,392	9,584
	450,486	278,151

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

5. FINANCIAL RISK MANAGEMENT (continued)

(g) Fair values

Management has assessed that the fair values of cash and cash equivalents, trade and notes receivables, trade and notes payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the chief financial controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The financial controller reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

The fair values of the non-current portion of bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for lease liabilities was assessed to be insignificant.

6. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

6. FAIR VALUE MEASUREMENTS (continued)

Disclosures of level in fair value hierarchy at 31 December 2025:

Description	Fair value measurements using:			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
— Fund	–	8,635	–	8,635
— Listed equity investments	10,579	–	–	10,579
Financial assets at fair value through other comprehensive income				
— Unlisted equity investments	–	–	23,304	23,304

Disclosures of level in fair value hierarchy at 31 December 2024:

Description	Fair value measurements using:			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
— Fund	–	9,350	–	9,350
Financial assets at fair value through other comprehensive income				
— Unlisted equity investments	–	–	18,632	18,632

During the years ended 31 December 2025 and 2024, there was no transfer between level 1, 2 and 3 for recurring fair value measurements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

6. FAIR VALUE MEASUREMENTS (continued)

Reconciliation of assets measured at fair value based on level 3:

Description	Financial assets at fair value through other comprehensive income <i>Unlisted equity investment</i> RMB'000
At 1 January 2025	18,632
Addition	5,000
Total gains or losses recognised in other comprehensive income	(328)
At 31 December 2025	23,304

Description	Financial assets at fair value through other comprehensive income <i>Unlisted equity investment</i> RMB'000
At 1 January 2024	14,355
Addition	1,710
Total gains or losses recognised in other comprehensive income	2,567
At 31 December 2024	18,632

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

6. FAIR VALUE MEASUREMENTS (continued)

Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:

The Group's chief financial officer is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The chief financial officer reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the chief financial officer and the Board of Directors at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Level 2 fair value measurements

Description	Valuation technique	Inputs	Fair value as at 31 December 2025 RMB'000
Financial assets at fair value through profit or loss — Fund	Share of net assets	Net assets value	8,635
Description	Valuation technique	Inputs	Fair value as at 31 December 2024 RMB'000
Financial assets at fair value through profit or loss — Fund	Share of net assets	Net assets value	9,350

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

6. FAIR VALUE MEASUREMENTS (continued)

Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements: (continued)

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Effect on fair value for increase of inputs	Fair value as at 31 December 2025 RMB'000
Financial assets at fair value through other comprehensive income — Unlisted equity investments	Share of net assets	(Note)	(Note)	23,304
Description	Valuation technique	Unobservable inputs	Effect on fair value for increase of inputs	Fair value as at 31 December 2024 RMB'000
Financial assets at fair value through other comprehensive income — Unlisted equity investments	Share of net assets	(Note)	(Note)	18,632

During the years ended 31 December 2025 and 2024, there were no changes in the valuation techniques used.

Note: The Group's investment in unlisted equity investments which were classified as financial assets at fair value through other comprehensive income ("FVTOCI"). The significant unobservable input is the net assets value of the underlying investments. The higher the net assets value of the underlying investment, the higher the fair value of the financial assets at FVTOCI will be. A 5% increase/decrease in the net assets value of the underlying investments, holding all other variable constant, would increase/decrease the carrying amounts of these investments by RMB1,165,000 at 31 December 2025 (2024: RMB932,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

7. REVENUE

An analysis of revenue is as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
<i>Revenue from contracts with customers</i>		
Manufacturing and sale of equipment		
SRU and VOCs incineration equipment	182,735	158,060
Catalytic cracking equipment	155,319	194,446
Process burners	111,268	64,576
Heat exchangers	52,637	27,106
	501,959	444,188

Disaggregation of revenue from contracts with customers

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
<i>Timing of revenue recognition</i>		
Goods transferred at a point of time	501,959	444,188

Revenue from customers which individually contributed over 10% of the Group's revenue were as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Customer A	65,768	Note (i)
Customer B	Note (i)	106,350
Customer C	Note (i)	49,513

Notes:

- (i) Contributed less than 10% of the Group's total revenue for the relevant year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

7. REVENUE (continued)

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

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Sales of products	29,667	69,761

There was no revenue recognised from performance obligations satisfied in previous years.

Performance obligations

Sale of SRU and VOCs incineration equipment, catalytic cracking equipment, process burners and heat exchangers

The performance obligation is satisfied upon customers' acceptance of relevant products and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required. Some contracts provide customers with a right of return which give rise to variable consideration subject to constraint.

8. SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of petroleum refinery and petrochemical equipment to customers in Mainland China.

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

The Group operated within one geographical area because the majority of the Group's revenue was generated in Mainland China and all of its non-current assets/capital expenditure were located/incurred in Mainland China. Therefore, no geographical information is presented.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

9. OTHER INCOME AND GAINS, NET

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Government grant ⁽¹⁾	1,044	385
Additional tax credit for input VAT	3,935	3,589
Interest income	1,877	1,038
Rental income, net	181	204
Net exchange gain/(loss)	107	(37)
Fair value (loss)/gain on investments at fair value through profit or loss	(715)	163
Others ⁽²⁾	208	2,592
	6,637	7,934

(1) Government grants were received from the government mainly for the subsidies of high-tech enterprises.

(2) Others mainly include sale of scrap materials and provision of design and testing services.

10. FINANCE COSTS

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Interest on bank borrowings	5,245	5,886
Interest on lease liabilities	334	301
	5,579	6,187

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The remuneration of each of these directors during the year, as expense incurred, is set out below:

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
Year ended 31 December 2025				
<i>Executive directors:</i>				
Mr. LU Bo	636	300	146	1,082
Ms. LU Xiaojing	529	300	–	829
Ms. BAI Wei	240	144	78	462
Mr. SHAO Song	430	144	146	720
Ms. WU Rui	291	119	–	410
	2,126	1,007	370	3,503
<i>Independent non-executive directors:</i>				
Mr. TU Shenwei (i)	39	–	–	39
Mr. BAU Siu Fung (ii)	100	–	–	100
Mr. SHEN Cheng (iii)	100	–	–	100
Mr. JIANG Li (iv)	62	–	–	62
	301	–	–	301
Year ended 31 December 2024				
<i>Executive directors:</i>				
Mr. LU Bo	695	300	144	1,139
Ms. LU Xiaojing	515	300	120	935
Ms. BAI Wei	240	144	114	498
Mr. SHAO Song	406	235	142	783
Ms. WU Rui	324	144	–	468
	2,180	1,123	520	3,823
<i>Independent non-executive directors:</i>				
Mr. TU Shenwei (i)	50	–	–	50
Mr. ZHANG Shengjie (v)	25	–	–	25
Mr. BAU Siu Fung (ii)	50	–	–	50
Mr. SHEN Cheng (iii)	8	–	–	8
	133	–	–	133

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

Notes:

- (i) Mr. TU Shenwei was appointed as independent non-executive director of the Company on 10 July 2024, and resigned on 19 May 2025.
- (ii) Mr. BAU Siu Fung was appointed as independent non-executive director of the Company on 10 July 2024.
- (iii) Mr. SHEN Cheng was appointed as independent non-executive director of the Company on 4 December 2024.
- (iv) Mr. JIANG Li was appointed as independent non-executive director of the Company on 19 May 2025.
- (v) Mr. ZHANG Shengjie was appointed as independent non-executive director of the Company on 10 July 2024, and resigned on 5 September 2024.

Five highest paid individuals' emoluments

The five highest paid employees of the Group include two (2024: three) directors of the Company for the year ended 31 December 2025. Details of the remuneration for the year ended 31 December 2025 of the remaining three (2024: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	1,662	1,094
Performance related bonuses	744	430
Pension scheme contributions	256	402
	2,662	1,926

The emoluments fell within the following bands:

	Number of individuals	
	Year ended 31 December	
	2025	2024
Nil to HK\$1,000,000	2	1
HK\$1,000,001 to HK\$1,500,000	1	1
	3	2

During the years ended 31 December 2025 and 2024, no emoluments were paid by the Group to any of the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

12. INCOME TAX EXPENSES

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Current income tax — Mainland China:		
Charge for the year	2,227	3,787
Withholding tax	–	1,000
Deferred income tax (note 22)	(495)	(248)
	1,732	4,539

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

Pursuant to the rules and regulations of the BVI, the Group is not subject to any income tax in the BVI.

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong for the years ended 31 December 2025 and 2024.

Under the PRC Corporate Income Tax Law (the “CIT Law”), which became effective on January 1, 2008, the Group’s PRC entities are subject to enterprise income tax at a rate of 25%, unless otherwise specified. The Group’s subsidiaries registered in the PRC that have operations only in Mainland China are subject to PRC enterprise income tax (“EIT”) at a rate of 25% on the taxable income as reported in their PRC statutory accounts adjusted in accordance with relevant PRC income tax laws for both periods except for two subsidiaries, Luoyang Ruichang Environmental Engineering Co., Ltd (“Luoyang Ruichang”) and Ruiqieer Petro-chemical Engineering (Shanghai) Co., Ltd (“Shanghai Ruiqieer”). Luoyang Ruichang is qualified for a high and new technology enterprise (“HNTE”) in September 2017 and became eligible for 15% preferential tax rate. Luoyang Ruichang renews its HNTE certification in November 2023 and is eligible for 15% preferential tax rate for three consecutive years ended 31 December 2023, 2024 and 2025. Shanghai Ruiqieer is also qualified for a HNTE in December 2021 and became eligible for 15% preferential tax rate. Shanghai Ruiqieer renews its HNTE certification in December 2024 and is eligible for 15% preferential tax rate for three consecutive years ended 31 December 2024, 2025 and 2026.

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding tax.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

12. INCOME TAX EXPENSES (continued)

The reconciliation between the income tax expense and the profit before tax is as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Profit before tax	6,355	14,868
Tax at domestic income tax rate	1,589	3,717
Lower tax rate enacted by local authority	(907)	(592)
Tax effect of expenses not deductible and income not taxable for tax purpose	1,545	592
Tax incentives on eligible expenditures	(4,070)	(4,899)
Tax losses not recognised	3,575	4,721
PRC dividend withholding tax	–	1,000
Income tax expenses	1,732	4,539

The Group has accumulated tax losses in PRC of RMB122,606,000 at 31 December 2025 (2024: RMB107,475,000), available for offset against future profits, which will expire in five years. No deferred tax asset has been recognised in respect of the tax losses and the deductible temporary differences due to unpredictability of future profit streams.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

13. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Cost of inventories sold	351,053	293,748
Depreciation of property, plant and equipment	7,761	6,124
Depreciation of investment property	97	480
Depreciation of right-of-use assets	2,627	4,560
Amortisation of intangible assets	761	565
Research and development costs	32,316	31,561
Auditor's remuneration	700	930
Loss on disposal of property, plant and equipment	55	18
Short term leases exempt from capitalisation under HKFRS 16	1,239	178
Interest income	(1,877)	(1,038)
Listing expenses	–	14,909
Fair value (loss)/gain on investments at fair value through profit or loss	(715)	163
Impairment losses/(reversal of impairment losses) recognised on:		
— trade receivables	4,339	7,715
— financial assets included in prepayments, other receivables and other assets	2,760	(269)
— contract assets	824	(1,750)
	7,923	5,696
Staff costs including directors' emoluments		
— salaries, allowances and other benefits	85,680	63,890
— retirement benefit scheme contributions	6,617	6,484
Total staff costs, including directors' remunerations	92,297	70,374

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

14. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to owners of the Company is based on the following data:

	Year ended 31 December	
	2025	2024
Earnings:		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share (RMB'000)	5,016	10,329
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	500,000,000	434,767,760

The weighted average number of ordinary shares had been adjusted for the effect of the capitalisation issue for the year ended 31 December 2024, as stated in Note 33.

The diluted earnings per share is the same as basic earnings per share for the years ended 31 December 2025 and 2024 as there was no potential ordinary share in issue.

15. DIVIDENDS

On 16 May 2025, the Company declared a final dividend of RMB0.04 per share, totalling RMB20,000,000 for the year of 2024. During the year ended 31 December 2025, RMB19,250,000 had been paid in cash.

On 29 May 2024, the Company distributed a dividend amounting to RMB20,000,000. During the year ended 31 December 2024, RMB10,102,000 had been paid in cash and RMB9,898,000 was settled by offsetting with Group's receivables due from controlling shareholders. The remaining dividend payable was paid in July 2024.

A proposed final dividend of RMB0.04 per share, totalling RMB20,000,000 for the year of 2025 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Machinery and electronic equipment RMB'000	Office equipment and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost							
As at 1 January 2024	72,350	1,519	1,585	34,098	3,438	1,806	114,796
Additions	-	1,736	800	2,252	651	5,521	10,960
Disposals	-	-	(534)	(508)	(136)	-	(1,178)
As at 31 December 2024 and 1 January 2025	72,350	3,255	1,851	35,842	3,953	7,327	124,578
Additions	-	-	653	10,688	1,115	12,249	24,705
Transfer from investment property	6,936	-	-	-	-	-	6,936
Disposals	(26)	(159)	(250)	(375)	(90)	(43)	(943)
As at 31 December 2025	79,260	3,096	2,254	46,155	4,978	19,533	155,276
Accumulated depreciation							
As at 1 January 2024	33,840	996	1,026	22,343	2,576	-	60,781
Provided for the year	3,256	125	221	2,219	303	-	6,124
Disposals	-	-	(415)	(503)	(83)	-	(1,001)
As at 31 December 2024 and 1 January 2025	37,096	1,121	832	24,059	2,796	-	65,904
Provided for the year	4,042	438	285	2,584	412	-	7,761
Transfer from investment property	2,274	-	-	-	-	-	2,274
Disposals	(6)	-	(238)	(324)	(85)	-	(653)
As at 31 December 2025	43,406	1,559	879	26,319	3,123	-	75,286
Carrying amount							
As at 31 December 2025	35,854	1,537	1,375	19,836	1,855	19,533	79,990
As at 31 December 2024	35,254	2,134	1,019	11,783	1,157	7,327	58,674

At 31 December 2025, the carrying amount of properties, plant and equipment pledged as security for the Company's bank loans amounted to RMB17,502,000.

At 31 December 2024, no properties, plant and equipment was pledged as security for the Group's bank loans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

17. INVESTMENT PROPERTY

	RMB'000
Cost	
As at 1 January 2024, 31 December 2024 and 1 January 2025	15,287
Transfer to properties, plant and equipment and right-of-use assets	(15,287)
As at 31 December 2025	–
Accumulated depreciation	
As at 1 January 2024	4,168
Charge for the year	480
As at 31 December 2024 and 1 January 2025	4,648
Charge for the year	97
Transfer to properties, plant and equipment and right-of-use assets	(4,745)
As at 31 December 2025	–
Net book value	
As at 31 December 2025	–
As at 31 December 2024	10,639

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

18. RIGHT-OF-USE ASSETS

	Prepaid land lease payments	Properties leased for own use	Total
	RMB'000	RMB'000	RMB'000
Cost			
As at 1 January 2024	47,927	7,341	55,268
Additions	–	9,437	9,437
Early termination	–	(7,341)	(7,341)
As at 31 December 2024 and 1 January 2025	47,927	9,437	57,364
Additions	15,072	–	15,072
Transfer from investment property	8,351	–	8,351
As at 31 December 2025	71,350	9,437	80,787
Accumulated depreciation			
As at 1 January 2024	10,804	2,349	13,153
Charge for the year	953	3,607	4,560
Early termination	–	(5,169)	(5,169)
As at 31 December 2024 and 1 January 2025	11,757	787	12,544
Charge for the year	740	1,887	2,627
Transfer from investment property	2,471	–	2,471
As at 31 December 2025	14,968	2,674	17,642
Net book value			
As at 31 December 2025	56,382	6,763	63,145
As at 31 December 2024	36,170	8,650	44,820
		2025	2024
		RMB'000	RMB'000
Total cash outflow for leases		2,602	2,901

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

19. INTANGIBLE ASSETS

	Purchased software RMB'000
Cost	
As at 1 January 2024	4,137
Additions	2,869
As at 31 December 2024 and 1 January 2025	7,006
Additions	443
As at 31 December 2025	7,449
Accumulated depreciation	
As at 1 January 2024	1,995
Charge for the year	565
As at 31 December 2024 and 1 January 2025	2,560
Charge for the year	761
As at 31 December 2025	3,321
Net book value	
As at 31 December 2025	4,128
As at 31 December 2024	4,446

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

20. INVESTMENT IN AN ASSOCIATE

	As at 31 December 2025	2024
	RMB'000	RMB'000
Share of net assets	292	181
Goodwill	612	612
	904	793

Name of associate	Place of incorporation and business	Issued and fully paid share capital	% ownership interests/voting rights held by the Group	Principal activities
HS Engenharia e Supervisao Ltda	Brazil	BRL2,387,000	22.5	Engineering services

The following table illustrates the financial information of the Group's associate that is not individually material:

	As at 31 December 2025	2024
	RMB'000	RMB'000
Carrying amount of the Group's investments in the associate	904	793

	Year ended 31 December 2025	2024
	RMB'000	RMB'000
Share of the associate's profit for the year	111	71

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Note	As at 31 December	
		2025 RMB'000	2024 RMB'000
Unlisted equity investments			
Ningbo Bomijia Fund LP	(a)	16,714	16,922
Shanghai Lanrui	(b)	1,590	1,710
Shanghai Ouketing Energy Technology Co., Ltd.	(c)	5,000	–
		23,304	18,632

- (a) In October 2021, the Group acquired 96.50% equity interest in Ningbo Bomijia Fund LP (“Ningbo Bomijia”), which is a Fund established in Ningbo, China.

According to the terms of the Partnership Agreement, the Fund is managed by a fund manager, while limited partners of the Fund do not have rights to engage in the management of the Fund. The Group, as a limited partner in the Fund, does not have the power to involve and participate in the decision-making process and financial and operating policy decisions of the Fund. All investment decisions will be made by an Investment Committee, which composed with three members appointed by the general partner of the Fund. As such, the Group neither has control nor significant influence over the Fund and the Fund will not be considered as a subsidiary or an associated of the Group. Although the shares of the Fund held by the Group represent approximately 96.5% of the issued share capital of the Fund as at 31 December 2025 and 2024, the Group has no control over Ningbo Bomijia’s investment decisions and has no significant influence over Ningbo Bomijia.

- (b) In October 2024, the Group acquired 4.75% equity interest in Shanghai Lanrui Environmental Protection Energy Technology Co. Ltd. (“Shanghai Lanrui”), which is a company established in Shanghai, China.
- (c) In September 2025, the Group acquired 1.75% equity interest in Shanghai Ouketing Energy Technology Co., Ltd.* (上海歐科汀能源科技發展公司), which is a company established in Shanghai, China.

* English name is for identification purpose only

According to HKFRS 9, at initial recognition, an entity may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies. The above investment is intended to be held for the medium to long-term, which is not held for trading, and company irrevocably elected to present subsequent changes in fair value of an equity investment in other comprehensive income.

Designation of the investments as equity investment at fair value through other comprehensive income can avoid the volatility of the fair value changes of the investment to the profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

22. DEFERRED TAX ASSETS

The movements in deferred tax assets and liabilities of the Group are as follows:

Deferred tax assets	Accruals	Provision for receivables	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2024	1,241	1,787	3,028
(Charged)/credited to profit or loss during the year	(483)	731	248
As at 31 December 2024 and 1 January 2025	758	2,518	3,276
(Charged)/credited to profit or loss during the year	(107)	602	495
As at 31 December 2025	651	3,120	3,771

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December 2025	2024
	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	3,771	3,276

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

	As at 31 December 2025	2024
	RMB'000	RMB'000
Tax losses	18,257	15,946

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

23. INVENTORIES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Materials and components	21,860	5,898
Work in progress	35,193	35,637
Finished goods	6,780	9,799
Spare parts	879	706
	64,712	52,040

Inventories recognised as an expense was approximately RMB351,053,000 (2024: RMB293,748,000) as at 31 December 2025. These were included in cost of goods sold.

24. TRADE AND NOTES RECEIVABLES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Trade receivables	349,922	253,817
Provision for impairment	(21,247)	(16,908)
	328,675	236,909
Notes receivables	25,080	15,697
	353,755	252,606

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

Notes receivables

The Group's notes receivables are all aged within twelve months, for which there was no recent history of default and past due amounts. At the end of each of the year, the loss allowance was assessed to be minimal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

24. TRADE AND NOTES RECEIVABLES (continued)

Trade receivables

The amount receivable from a contract that does not contain a financing component or a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less and then the transaction price is not adjusted for the effects of a significant financing component using the practical expedient in HKFRS 15 is accounted for in "Trade receivables". Trade receivables are non-interest-bearing.

An ageing analysis of the Group's trade receivables, based on the date when the Group obtains unconditional rights for payment and net of loss allowance, is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Within 90 days	101,864	88,150
91 to 180 days	63,424	12,290
181 days to 1 year	117,979	93,571
Over 1 year but within 2 years	40,166	33,244
Over 2 years but within 3 years	4,410	6,017
Over 3 years but within 4 years	832	3,637
	328,675	236,909

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

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Opening balance	16,908	9,193
Impairment losses	4,339	7,715
Closing balance	21,247	16,908

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

24. TRADE AND NOTES RECEIVABLES (continued)

Trade receivables (continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageings for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off when there is no reasonable expectation of recovery.

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

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Over 4 years	Total
At 31 December 2025						
Weighted average expected credit loss rate	1.76%	9.95%	49.49%	60.77%	100.00%	6.07%
Gross carrying amount (RMB'000)	288,355	44,605	8,731	2,121	6,110	349,922
Expected credit losses (RMB'000)	5,088	4,439	4,321	1,289	6,110	21,247
At 31 December 2024						
Weighted average expected credit loss rate	0.83%	7.58%	24.83%	60.53%	100.00%	6.66%
Gross carrying amount (RMB'000)	195,635	35,971	8,004	9,214	4,993	253,817
Expected credit losses (RMB'000)	1,624	2,727	1,987	5,577	4,993	16,908

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at 31 December 2025	2024
	RMB'000	RMB'000
Advance to staff	15,419	6,765
Deposits	15,253	6,453
Loans to third parties (note i)	32,471	11,650
Other receivables	18,011	28,819
Prepayments	24,093	26,036
Other current assets	2,047	1,430
	107,294	81,153
Impairment	(2,955)	(195)
	104,339	80,958

Notes:

- (i) Representing loans to certain third-parties. As at 31 December 2025, these loans with amount of RMB6,719,000 are unsecured, interest-free and to be repaid in 1 year from the inception date of the loan, of which RMB10,371,000 repaid in March 2026. The remaining balance of RMB22,100,000 are unsecured with interest rate of 6%-12% per annum and to be repaid in 1 year.

As at 31 December 2024, these loans with amount of RMB6,650,000 are unsecured, interest-free and to be repaid in 1 year from the inception date of the loan, of which RMB6,650,000 repaid in March 2025. The remaining balance of RMB5,000,000 are unsecured with interest rate of 8%-12% per annum and to be repaid in 1 year.

The movements in the loss allowance for impairment of prepayments, other receivables and other assets are as follows:

	As at 31 December 2025	2024
	RMB'000	RMB'000
Opening balance	195	464
Impairment losses/(reversal of impairment losses)	2,760	(269)
Closing balance	2,955	195

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Equity securities listed in the Stock Exchange (note a)	10,579	–
Fund instruments, at fair value (note b)	8,635	9,350
	19,214	9,350

- (a) As at 31 December 2025, the Group's shareholding in these listed companies are less than 5% of their issued shares and the Group does not exercise significant influence over them.
- (b) The above unlisted investments were Class B shares issued by private equity fund in Singapore. It has a lock-up period of 12 months since the subscription date. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

27. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Cash and bank balances	131,624	149,539
Less: Pledged deposits	(14,793)	(19,629)
	116,831	129,910

At 31 December 2025, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to RMB124,311,000 (2024: RMB104,924,000). The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

28. TRADE AND NOTES PAYABLES

	As at 31 December 2025	2024
	RMB'000	RMB'000
Trade payables	220,677	134,786
Notes payables	19,601	19,644
	240,278	154,430

An ageing analysis of the trade and notes payables, based on the invoice date, is as follows:

	As at 31 December 2025	2024
	RMB'000	RMB'000
Within 90 days	132,697	100,887
91 to 180 days	39,855	17,005
181 to 365 days	17,217	14,974
Over 1 year	50,509	21,564
	240,278	154,430

The trade payables are non-interest-bearing and are normally settled on 60-day terms in general.

During the year, the Group uses certain notes payables as its supplier finance arrangement. The notes payables are issued by the Group with its bankers to its suppliers. These notes are transferable by its holders. The bank will settle the notes payables and the Group will repay to the bank on due day of the notes. Certain deposits are pledged for notes payables which is due within six months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

29. CONTRACT ASSETS AND LIABILITIES

Disclosures of revenue-related items:

	As at 31 December		As at 1 January
	2025	2024	2024
	RMB'000	RMB'000	RMB'000
Contract assets	36,897	41,670	51,189
Less: allowance for expected credit losses	(1,317)	(493)	(2,243)
	35,580	41,177	48,946
Contract liabilities	17,118	31,564	76,037

The contract assets are primarily related to the Group's rights to consideration for work completed and not billed because the rights are conditional on the Group's future performance achieving specified milestones at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically reclassifies contract assets to trade receivables when such right of collections becomes unconditional other than the passage of time.

Transaction prices allocated to performance obligations unsatisfied at end of year and expected to be recognised as revenue in:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Amounts expected to be recognised as revenue:		
Within one year	17,118	31,564

Significant changes in contract liabilities during the year

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Increase due to operations in the year	21,492	46,413
Transfer of contract liabilities to revenue	(35,938)	(90,886)

A contract liability represents the Group's obligation to transfer products or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

30. ACCRUALS AND OTHER PAYABLES

	As at 31 December 2025	2024
	RMB'000	RMB'000
Accrued salaries, wages and benefits	14,571	15,115
Other payables	8,392	9,584
Other tax payables	9,603	10,138
	32,566	34,837

31. BANK BORROWINGS

	As at 31 December 2025	2024
	RMB'000	RMB'000
Secured loans	104,200	99,800
Unsecured loans	90,000	5,358
	194,200	105,158
Current portion	(90,000)	(105,158)
Non-current portion	104,200	–

The effective interest rate of bank borrowings are as follows:

	31 December 2025		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans — unsecured	2.75%–2.85%	2026	90,000
Non-current			
Bank loans — secured	2.50%	2027–2028	104,200

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

31. BANK BORROWINGS (continued)

		31 December 2024	
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans — secured	2.85%–3.80%	2025	99,800
Bank loans — unsecured	3.50%	2025	5,358
			105,158

The borrowings are repayable as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Within one year	90,000	105,158
In the second year	40,400	–
In the third to fifth years, inclusive	63,800	–
	194,200	105,158

Bank borrowings of approximately RMB38,400,000 and RMB79,800,000 were guaranteed by the Company as at 31 December 2025 and 2024, respectively.

Bank borrowings of approximately RMB63,800,000 were guaranteed by Mr. Lu Bo and secured by property, plant and equipment as at 31 December 2025 (2024: Nil).

Bank borrowings of approximately RMB2,000,000 were secured by patents and were guaranteed by the Company as at 31 December 2025. Bank borrowings of approximately RMB20,000,000 were secured by patents as at 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

32. LEASE LIABILITIES

	As at 31 December 2025	2024
	RMB'000	RMB'000
Within one year	1,857	1,575
After 1 year but within 2 years	2,008	1,857
After 2 years but within 5 years	3,751	5,547
	5,759	7,404
	7,616	8,979

The weighted average incremental borrowing rate applied to lease liabilities is 4.75% per annum as at 31 December 2025 (2024: 4.75%).

33. SHARE CAPITAL

	As at 31 December 2025	2024
	USD	USD
Authorised:		
5,000,000,000 ordinary shares of US\$0.00001 each	50,000	50,000

	As at 31 December 2025	2024
	RMB'000	RMB'000
Issued and fully paid:		
Ordinary shares of US\$0.00001 each	36	36

	Number of shares	Paid-up capital
		RMB
Issued:		
At 1 January 2024	114,210	8
— Capitalisation Issue	374,885,790	26,745
— Issue of ordinary shares pursuant to Global Offering	125,000,000	8,918
At 31 December 2024, 1 January 2025 and 31 December 2025	500,000,000	35,671

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

34. RESERVES

The amounts of the Group's reserves and the movements therein are presented in the consolidated statements of changes in equity of the Group.

(a) Capital reserve

Capital reserve represented the difference between the aggregate of the paid-in share capital of the subsidiaries registered in the PRC.

(b) Statutory surplus reserve

In accordance with the PRC Company Law, subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the PRC Company Law, part of the statutory surplus reserve may be converted to share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(c) Reserves of the Company

	Share premium RMB'000	Capital reserve RMB'000	Foreign currency translation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2024	–	24,405	1,168	(20,955)	4,618
Total comprehensive income for the year	–	–	–	3,160	3,160
Issuance of shares upon listing on the Hong Kong Stock Exchange	118,819	–	–	–	118,819
Capitalisation of listing expenses	(18,955)	–	–	–	(18,955)
Capitalisation issue	(27)	–	–	–	(27)
Dividend paid	–	–	–	(20,000)	(20,000)
At 31 December 2024 and 1 January 2025	99,837	24,405	1,168	(37,795)	87,615
Total comprehensive loss for the year	–	–	129	(5,495)	(5,366)
Dividend paid	–	–	–	(20,000)	(20,000)
At 31 December 2025	99,837	24,405	1,297	(63,290)	62,249

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following major non-cash transaction:

During the year ended 31 December 2025, the Group recognized right-of-use assets of approximately RMB14,630,000 by contribution from NCI.

During the year ended 31 December 2024, RMB9,898,000 dividend was settled by offsetting with Group's receivables due from controlling shareholders.

(b) Changes in liabilities arising from financing activities

The following table shows the Group's changes in liabilities arising from financing activities during the year:

	Bank borrowings	Lease liabilities	Dividend payable in other payable
	RMB'000	RMB'000	RMB'000
At 1 January 2024	121,836	4,408	–
Changes in cash flows			
— Borrowing raised	135,358	–	–
— Repayment of borrowings	(152,036)	–	–
— Repayment of lease liabilities	–	(2,723)	–
— Lease early termination	–	(2,143)	–
— Dividend paid	–	–	(10,102)
— Interest paid	(5,886)	(301)	–
Non-cash changes			
— Dividend declared	–	–	20,000
— New lease entered	–	9,437	–
— Offset with amounts due from Controlling Shareholders	–	–	(9,898)
— interest charged	5,886	301	–
At 31 December 2024 and 1 January 2025	105,158	8,979	–
Changes in cash flows			
— Borrowing raised	207,400	–	–
— Repayment of borrowings	(118,358)	–	–
— Repayment of lease liabilities	–	(1,363)	–
— Dividend paid	–	–	(19,250)
— Interest paid	(5,245)	(334)	–
Non-cash changes			
— Dividend declared	–	–	20,000
— interest charged	5,245	334	–
At 31 December 2025	194,200	7,616	750

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

36. CONTINGENT LIABILITIES

As at 31 December 2025, the Group did not have any significant contingent liabilities.

37. RELATED PARTY TRANSACTIONS

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

Name of related parties	Relationship with the Company
Mr. Lu Bo	The ultimate controlling shareholder
Ms. Lu Xiaojing	The ultimate controlling shareholder

(b) Related party transactions

During the year, the Group entered into the following transaction with its related parties.

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Lease payment from Mr. Lu Bo	106	–

(c) Compensation of key management personnel of the Group:

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Further details of directors' and supervisors' emoluments are included in note 11 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Non-current assets		
Investment in a subsidiary	77,282	47,881
Current assets		
Amount due from subsidiaries	3,677	2,605
Prepayments, other receivables and other assets	–	69
Financial assets at fair value through profit or loss	19,214	9,350
Cash and bank balances	1,697	44,348
Pledged deposits	280	–
	24,868	56,372
Current liabilities		
Amount due to subsidiaries	39,760	15,232
Accruals and other payables	105	1,370
	39,865	16,602
Net current (liabilities)/assets	(14,997)	39,770
NET ASSETS	62,285	87,651
Equity		
Share capital	36	36
Reserves	62,249	87,615
	62,285	87,651

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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39. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

Name of subsidiary	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
	2025	2024	2025	2024	2025	2024
			RMB'000	RMB'000	RMB'000	RMB'000
Huangshan Sinophos Technology Co., Ltd* ("黄山中磷科技有限公司")	20.00%	nil	(211)	–	17,419	–
Others					118	300
					17,537	300

Summarised financial information of Huangshan Sinophos Technology Co., Ltd ("Huangshan Sinophos"), being a significant component of a non-wholly owned subsidiary of the Company. The summarised financial information below presented amounts before intra-group eliminations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

39. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (continued)

	2025 RMB'000
Current assets	50,852
Non-current assets	37,083
Current liabilities	(840)
Equity attributable to owners of the Company	69,676
Non-controlling interests of Huangshan Sinophos	17,419
Revenue	-
Expenses	(1,055)
Total comprehensive loss for the year	(1,055)
Total comprehensive loss attributable to owners of the Company	(844)
Total comprehensive loss attributable to the non-controlling interests of Huangshan Sinophos	(211)
	(1,055)
Net cash inflow from operating activities	7,864
Net cash inflow from financing activities	3,000
Net cash inflow	10,864

* English name is for identification purpose only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 December 2025 are as follows:

Name of subsidiaries	Place and date of incorporation/ registration and operation	Issued/ paid up capital	Percentage of equity and voting power attributable to the Group		Principal activities
			2025	2024	
Direct interests:					
Refine Development	British Virgin Islands 18 February 2020	USD1	100%	100%	Investment holding
Indirect interests:					
Flame Petro-chemical Engineering International Limited	Samoa 22 August 2005	USD20,000,000	100%	100%	Investment holding
Ruisheng Grand Development	Hong Kong 6 March 2020	HKD10,000	100%	100%	Investment holding
Luoyang Ruichang Environmental Engineering Co., Ltd. ("洛陽瑞昌環境工程有限公司") (Note)	People's Republic of China/Mainland China 25 January 1994	RMB128,820,000	100%	100%	Design and sales of petroleum refinery and petrochemical equipment
Luoyang Ruijieer Petro-chemical Equipment Co., Ltd. ("洛陽瑞切爾石化設備有限公司") (Note)	People's Republic of China/Mainland China 31 December 2005	RMB4,500,000	100%	100%	Manufacture of industrial products
Ruijieer Petro-chemical Engineering (Shanghai) Co., Ltd. ("瑞切爾石化工程(上海)有限公司")	People's Republic of China/Mainland China 12 December 2002	RMB100,000,000	100%	100%	Sale of petro-chemical equipment
Ruijing (Jiangsu) Environmental Engineering Co., Ltd. ("瑞境(江蘇)環境工程有限公司")	People's Republic of China/Mainland China 22 May 2024	RMB10,000,000	100%	100%	Manufacture of industrial products

Note: These entities are registered as wholly-foreign-owned enterprises under PRC law.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

41. EVENTS AFTER THE REPORTING PERIODS

Subsequent to 31 December 2025 and up to the date of these consolidated financial statements, the Group had no material subsequent events which have not been reflected in these consolidated financial statements.

42. CAPITAL COMMITMENT

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Property and equipment		
— Contracted but not provided for	41,738	11,194

43. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 20 March 2026.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out below:

Results	For the year ended 31 December				2025
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	RMB'000
Revenue	248,044	419,073	544,129	444,188	501,959
Gross profit	70,898	133,016	191,548	142,974	148,127
Profit before taxation	17,643	44,100	67,480	14,868	6,355
profit for the year	13,246	36,533	55,211	10,329	4,623
Profit/(loss) for the year attributable to:					
Owners of the Company	13,423	36,533	55,211	10,329	5,016
Non-controlling interests	(177)	–	–	–	(393)
	13,246	36,533	55,211	10,329	4,623
As at 31 December					
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Total assets	421,831	592,523	695,637	726,950	884,466
Total liabilities	215,945	352,033	400,482	338,604	493,729
Total equity	205,886	240,490	295,155	388,346	390,737
Equity attributable to:					
Owners of the Company	205,886	240,490	295,155	338,046	373,200
Non-controlling interests	–	–	–	300	17,537