



# 2025 ANNUAL REPORT

Incorporated in the Cayman Islands with limited liability  
Stock Code: 09930.HK





宏信建发  
COHORIZON



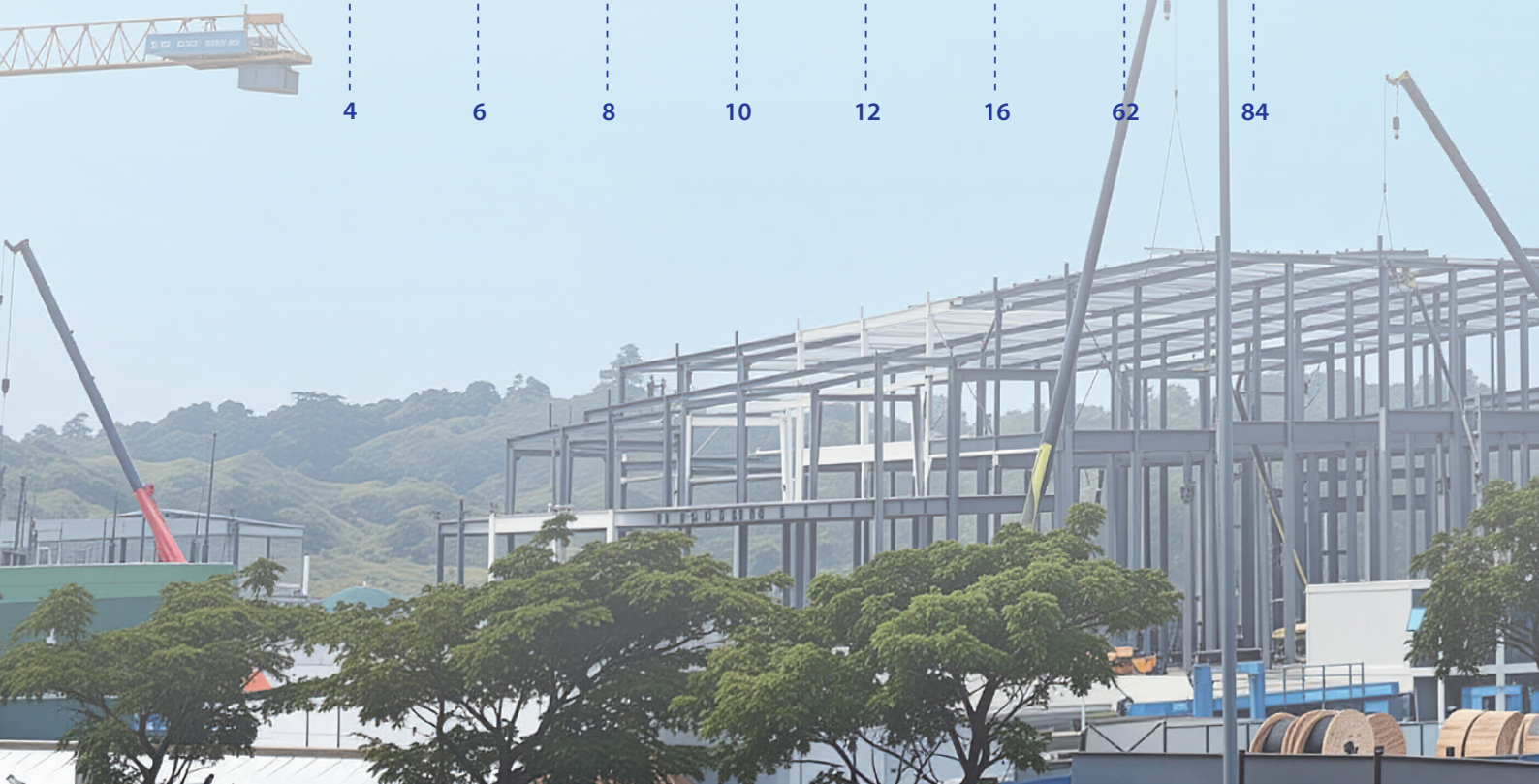
# **Navigating Cycles**

## **Forging New Paths**



**Contents**

Directors' and Senior Management's Profiles	84
Corporate Governance Report	62
Management Discussion and Analysis	16
Business Overview	12
Chief Executive Officer's Statement	10
Chairman's Statement	8
Company Profile	6
Corporate Information	4



Notes to Financial Statements .....	142
Consolidated Statement of Cash Flows .....	140
Consolidated Statement of Changes in Equity .....	138
Consolidated Statement of Financial Position .....	136
Consolidated Statement of Comprehensive Income .....	135
Consolidated Statement of Profit or Loss .....	134
Independent Auditor's Report .....	128
Corporate Social Responsibility Report .....	124
Directors' Report .....	94



## CORPORATE INFORMATION

### BOARD

#### Chairman and Non-executive Director

Mr. KONG Fanxing (孔繁星先生)

#### Executive Directors

Mr. ZHAN Jing (詹靜先生)  
*(Chief Executive Officer)*

Mr. TANG Li (唐立先生)  
*(Co-Chief Financial Officer)*

#### Non-executive Directors

Mr. XU Huibin (徐會斌先生)

Mr. HE Ziming (何子明先生)

Mr. YUAN Shaozhen (袁少震先生)

Ms. GUO Lina (郭麗娜女士)

#### Independent Non-executive Directors

Mr. LIU Jialin (劉嘉凌先生)  
*(Lead Independent  
Non-executive Director)*

Mr. XU Min (徐敏先生)

Ms. JIN Jinping (金錦萍女士)

Mr. SUM Siu Kei (岑兆基先生)

### COMPOSITION OF COMMITTEES

#### Audit Committee

Mr. XU Min (徐敏先生) *(Chairman)*

Ms. JIN Jinping (金錦萍女士)

Mr. SUM Siu Kei (岑兆基先生)

#### Nomination Committee

Ms. JIN Jinping (金錦萍女士)  
*(Chairwoman)*

Mr. LIU Jialin (劉嘉凌先生)

Mr. XU Huibin (徐會斌先生)

#### Remuneration Committee

Ms. JIN Jinping (金錦萍女士)  
*(Chairwoman)*

Mr. LIU Jialin (劉嘉凌先生)

Ms. GUO Lina (郭麗娜女士)

#### Environmental, Social and Governance Committee

Mr. SUM Siu Kei (岑兆基先生)  
*(Chairman)*

Mr. HE Ziming (何子明先生)

Mr. XU Min (徐敏先生)

### COMPANY SECRETARY

Mr. CHIU Ming King (趙明璟先生)  
*(Resigned on 9 December 2025)*

Ms. LI Yee Ching (李漪澄女士)  
*(Appointed on 9 December 2025)*

### AUTHORISED REPRESENTATIVES

Mr. ZHAN Jing (詹靜先生)

Mr. CHIU Ming King (趙明璟先生)  
*(Resigned on 9 December 2025)*

Ms. LI Yee Ching (李漪澄女士)  
*(Appointed on 9 December 2025)*

### REGISTERED OFFICE

P.O. Box 31119 Grand Pavilion  
Hibiscus Way  
802 West Bay Road  
Grand Cayman  
KY1-1205  
Cayman Islands

## CORPORATE INFORMATION

### HEADQUARTERS

No. 5, 6-610, Building 2  
Minghai Center, 200 Xichang Road  
Pilot Free Trade Zone  
(Dongjiang Bonded Port Zone)  
Tianjin  
PRC

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1901, 19/F, Lee Garden One  
33 Hysan Avenue  
Causeway Bay  
Hong Kong

### SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor  
Services Limited  
Shops 1712-1716  
17/F, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

### PRINCIPAL BANKS

China Construction Bank Corporation  
Bank of Communications Co., Ltd.  
Bank of China Limited

### AUDITOR

Ernst & Young

(Public Interest Entity Auditor registered  
in accordance with the Financial  
Reporting Council Ordinance)

### LEGAL ADVISER

Baker & McKenzie

### COMPANY WEBSITE

[www.hongxinjianfa.com](http://www.hongxinjianfa.com)

### STOCK CODE

The Company's shares are listed on the  
Main Board of The Stock Exchange of  
Hong Kong Limited

Stock code: 9930



## COMPANY PROFILE

Horizon Construction Development Limited (the “Company” or “Horizon Construction Development”) and its subsidiaries (collectively the “Group”) are leading equipment operation service providers in China. Being a leading global rental company, the Group is committed to providing one-stop comprehensive solutions of “product + service” for domestic and overseas clients in the construction and industrial sectors. Since its establishment in 2011, the Group has built up comprehensive and diversified equipment offerings and strong service capacities, and maintained industry-leading positions in numerous product lines, providing clients with comprehensive and multi-dimensional services covering the full cycle of projects. Leveraging the synergies among its various product lines and diversified service categories, as well as the ever-improving independent R&D innovation and digital operational capabilities, the Group has fostered a diverse, blue chip, loyal and high-quality customer base. To date, the number of service outlets of the Group ranks first among equipment operation service providers in China. The Group has deployed outlets in several overseas markets, thus continuously improving its global service capabilities.

The Company’s shares have been officially listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange” or the “Hong Kong Stock Exchange”) since 25 May 2023 (the “Listing Date”). The shares of Far East Horizon Limited (“Far East Horizon”), the immediate holding company of the Company and a company incorporated in Hong Kong, have been listed on the Main Board of the Stock Exchange (stock code: 3360).



## INTERNATIONAL BUSINESS NETWORK

Turkey

Saudi Arabia

UAE

Thailand

Malaysia

Indonesia

Vietnam

Guangzhou

Hong Kong,  
China

Shanghai

Tianjin

\* The presentation of the map is for artistic purposes only. The actual geographic information published in accordance with the laws shall prevail.



## CHAIRMAN'S STATEMENT



Horizon Construction Development Limited  
Chairman of the Board and Non-executive Director

**KONG Fanxing**

Amid various challenges, the year 2025 saw profound changes to the global economic landscape. In the face of profound changes in both domestic and international market environments, Horizon Construction Development Limited (the “Company” or “Horizon Construction Development”) and its subsidiaries (the “Group”) consistently adhered to its core principle of “prudent operations and lean management” throughout the year. In the domestic market, the Group focused on enhancing asset operation efficiency and regional business quality. While continuously expanding its overseas presence, it also prioritized developing local capabilities and systematic operations. The Group fully recognized that at this critical stage of transformation and upgrading, steady and sustainable progress in a complex environment can only be achieved by maintaining a clear strategic focus, optimizing resource allocation, and enhancing organizational resilience. None of this progress would have been possible without the dedicated efforts of the entire workforce and the long-standing trust and unwavering support of the Shareholders, creditors, customers and partners over the years. On behalf of the board of directors (the “Board”), the management and all staff, I would like to hereby express our heartfelt thanks to all of you.

China’s equipment operation service industry faced dual challenges arising from structural adjustments on both the supply and demand sides over the past year. Horizon Construction Development proactively responded to market changes by proactively adjusting its operational pace. Adopting a development strategy centered on “lean efficiency improvement and focus on the core”, it prudently optimized its asset management size, concentrating resources on high-efficiency regions and assets. This approach safeguarded asset health and maximized lifecycle benefits. As at the end of 2025, the number of aerial work platforms under the management of the Group was adjusted to approximately 200,700, the total material assets under management were adjusted to approximately 1.88 million tons, and the number of service outlets in China, including Hong Kong, China was optimized to 485. Through effective adjustments, the Group targeted new customers and scenarios more precisely, and focused on building comprehensive equipment operation service capabilities for customers across a broader range of industries. As at the end of the year, the cumulative number of customers served by the Group increased to over 400,000, thereby strengthening the Group’s business resilience.

## CHAIRMAN'S STATEMENT

For overseas expansion, Horizon Construction Development adhered to a development strategy of “localized operations and systematic capabilities” in its existing overseas markets in seven countries, deepening local market penetration and customer relationship building while refining operating systems tailored to the characteristics of each market. Through dedicated efforts, as at the end of 2025, the Group had approximately 1,400 overseas employees, with a talent localization ratio of nearly 90%. The number of overseas service outlets increased to 77, having cumulatively served approximately 6,400 overseas customers. In 2025, the overseas operations contributed revenue of approximately RMB1,402 million and net profit of approximately RMB135 million. The scaling of the overseas operations yielded tangible results, and its role in supporting the Group’s steady development became increasingly prominent.

In summary, despite the intricate and volatile global market environment, Horizon Construction Development consistently adhered to the general strategy of prudent operations and pursuing progress while maintaining stability, striving to seek new growth directions amidst structural adjustments.

Looking back at 2025, the Board of Horizon Construction Development continued to strengthen corporate governance with a focus on refining the Board’s systems and operational mechanisms. These efforts were geared toward enhancing strategic leadership and the efficiency of scientific decision-making, thereby solidifying the governance foundation for long-term development. Under the requirements of the Corporate Governance Code of the Stock Exchange, the Company convened four regular meetings of the Board and respective professional committees in 2025 to consider a number of major issues concerning the Company’s long-term development and shareholder returns. The Company remained committed to optimizing governance structures and enhancing the transparency of information disclosure, with a view to effectively safeguarding the legitimate rights and interests of all shareholders through concrete actions.

Looking ahead to 2026, the external environment remains fraught with uncertainties, and yet in every crisis lies the seed of structural opportunities. Horizon Construction Development will persist in its “Three+Three+Three (三+三+三)” strategic framework and focus on achieving large-scale profitability in overseas operations and local penetration in foreign markets, steadily propelling the Group toward its vision of becoming a “a world-class comprehensive equipment operation service provider”. The Group firmly believes that, with the trust and support of the Shareholders, creditors, employees, customers and all partners, Horizon Construction Development will cultivate capabilities through challenges, seize early opportunities amid transformation, and deliver solid business results to honor every trust and expectation placed in the Group.

Horizon Construction Development Limited  
*Chairman of the Board and Non-executive Director*  
**KONG Fanxing**



## CHIEF EXECUTIVE OFFICER'S STATEMENT



Horizon Construction Development Limited  
Executive Director and Chief Executive Officer

ZHAN Jing

Dear Shareholders,

For the year under review, 2025 was a pivotal year as China concluded its “14th Five-Year Plan” and transitioned into the “15th Five-Year Plan”. Domestic economy exhibited remarkable resilience, with gross domestic product (GDP) reaching RMB140 trillion and growing by 5.0% year on year. Disparities in growth across industries became more pronounced. The real estate and infrastructure sectors faced adjustment pressures, while the construction industry saw sluggish growth. However, the construction machinery sector picked up with renewed development momentum. Rising infrastructure demand from overseas countries along the “Belt and Road” initiative also presented significant external opportunities.

The year 2025 marked a year of strategic consolidation for Horizon Construction Development centering on “lean operations and resilient perseverance”. Facing sustained pressures posed by the industry adjustment cycle, the Group adopted a market-oriented approach to continuously strengthen its competitive advantages. Through lean operations and upgrades, it reinforced its development foundation and gathered development momentum to navigate against headwinds in the industry cycle. Short-term market volatilities not only tested the resilience of the Company against risks but also created opportunities for industry consolidation and optimization. In order to achieve steady and sustainable development, the Group determined its development directions, namely focusing on high-value sectors and lean efficiency improvement, continuously fortifying risk barriers and adhering to the “Three + Three + Three (三+三+三)” overseas strategy.

For the domestic market, the Group adhered to the development approach of “lean efficiency improvement and focus on the core”. In terms of operational strategies, guided by the principle of high-quality development, the Group optimized its business structure and regional footprint, concentrating on urban operations and major national infrastructure projects. By leveraging synergies between domestic and international markets, the Group realized re-utilization of assets to enhance overall operational efficiency. In asset management, the Group developed a comprehensive “asset life cycle management system” to achieve fully closed-loop management of asset allocation, procurement, operation and disposal, thereby improving asset turnover efficiency and value-creation capabilities. In respect of service capabilities, the Group advanced differentiated and refined management for customers. Leveraging one-stop integrated equipment solutions, the Group actively incubated new products and markets while expanding a diversified urban industrial ecosystem.

For overseas markets, the Group continued to deepen its strategic layout and steadily advance globalization. The “Three+Three+Three (三+三+三)” overseas strategy was implemented in an orderly manner, with a focus on core markets in Southeast Asia and the Middle East. The Group also strengthened its regional competitive advantages in Southeast Asia through the merger & acquisition of TH Tong Heng Machinery Sdn. Bhd. in Malaysia, so as to promote scalable growth of its business in the Middle East and refine its localized operations. It upgraded the global operational management system and accumulated overseas expansion experience, while prudently expanding its footprint to potential markets such as Africa and Central Asia. With steady progress in global asset reallocation, the Group achieved asset reutilization and provided low-cost equipment resources in overseas markets. As at the end of 2025, the global service network comprised a total of 562 outlets in China and across 7 overseas countries. The robust performance of overseas operations played a crucial role in hedging against cyclical fluctuations in the domestic market.

## CHIEF EXECUTIVE OFFICER'S STATEMENT

The Group recorded total revenue of approximately RMB9.359 billion for the year. In particular, benefiting from the rapid growth in revenue from the overseas business segment, revenue from operating lease services increased by 12.3% year on year to approximately RMB5.192 billion, which accounted for approximately 55.5% of the total revenue. As the Group adopted a contraction strategy for its domestic materials business during the year, revenue from engineering and technical services amounted to approximately RMB2.194 billion, which dropped by 41.5% year on year and accounted for approximately 23.4% of the total revenue. In terms of asset management and other services, revenue decreased by 38.5% year on year to approximately RMB1.974 billion, accounting for approximately 21.1% of the total revenue. This decline was attributable to, among others, the proactive reduction of the scale of equipment management from peer leasing companies by the Group. During the year, the Group achieved a net profit of approximately RMB147 million. From a regional perspective, revenue from overseas regions soared by 260.3% year on year to approximately RMB1.402 billion, accounting for approximately 15.0% of the total revenue. This fully demonstrated the Group's accelerated implementation of the "Three + Three + Three (三+三+三)" strategy as well as its positive results.

In 2025, Horizon Construction Development continued to maintain a sound financial structure. As at the end of the year, the total assets of the Group amounted to approximately RMB36.368 billion, down 0.2% year on year. The Group's gearing ratio remained stable at approximately 68.9%. Cash and bank balances were approximately RMB1.610 billion, indicating ample fund reserves.

With fifteen years of accumulated experience and dedicated development, Horizon Construction Development pursued its mission with steadfast commitment and continuously demonstrated its resilience in sustainable development and core competitiveness. Thanks to the strong support and trust from all sectors of society, in 2025, the Company ranked first in the world in Access 50 of Global Aerial Work Machinery Leasing (ACCESS50) and advanced to 11th place globally in the IRN100 list. The Company's rating in the 2025 S&P Global Corporate Sustainability Assessment (CSA) jumped to 58 points, placing it among the top 5% of global peers.

In 2026, corporate development will be confronted with both opportunities and challenges. The 15th Five-Year Plan explicitly calls for the expansion of effective investment and designates consumer infrastructure, urban renewal and major projects as core growth drivers. The "Two Major" and "Two New" initiatives provide clear guidance for the equipment leasing industry to break through boundaries. The cost-saving and efficiency-enhancing advantages of the equipment leasing model are increasingly evident. Internet of things (IoT), artificial intelligence (AI) and other technologies will support equipment electrification and intelligent transformation, thereby accelerating the industry's transition toward a new phase of lean operations. The Group will maintain its strategic focus, deepen its presence in high-value domestic segments, refine one-stop integrated equipment solutions, and consolidate core business competitiveness. It will also upgrade urban operations by empowering urban development through municipal maintenance, community renewal, emergency protection and other dimensions, in a bid to foster differentiated service capabilities. To broaden market boundaries, the Group will deepen its presence in core markets in Southeast Asia and the Middle East and steadily venture into potential regions, such as Africa and Central Asia. It will simultaneously carry out global asset reallocation to build a more resilient portfolio of global businesses. The Group will also consolidate its operational foundation by developing refined management systems, strengthening full lifecycle equipment management, and further enhancing operational efficiency and counter-cyclical capabilities.

Looking ahead, we will transcend cycles with firm determination, pioneer new prospects by breaking barriers and secure future victories through strategic breakthroughs. We are committed to building a sustainable and comprehensive equipment operation and service ecosystem that consistently creates long-term value for Shareholders and society. I would like to hereby express my heartfelt gratitude to all Shareholders, customers, business partners and employees who care about and support Horizon Construction Development. Let's unite in purpose to embark on a new journey for Horizon Construction Development and jointly chart a new blueprint for high-quality development in our industry!

Horizon Construction Development Limited  
Executive Director and Chief Executive Officer  
**ZHAN Jing**



## BUSINESS OVERVIEW

	For the year ended 31 December				
	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Operating results</b>					
Total revenue	<b>9,359,192</b>	11,581,062	9,610,581	7,877,646	6,141,168
Operating lease services	<b>5,191,671</b>	4,620,986	5,139,275	5,189,949	4,463,348
Engineering and technical services	<b>2,193,527</b>	3,751,364	2,964,591	2,136,630	1,519,288
Asset management and other services (formerly "platform and other services")	<b>1,973,994</b>	3,208,712	1,506,715	551,067	158,532
Cost of sales	<b>(6,892,756)</b>	(7,806,466)	(5,849,180)	(4,744,640)	(3,295,231)
Operating lease services	<b>(3,524,547)</b>	(2,858,228)	(2,848,976)	(2,870,719)	(2,091,079)
Engineering and technical services	<b>(1,835,700)</b>	(2,761,118)	(2,098,931)	(1,496,266)	(1,076,646)
Asset management and other services (formerly "platform and other services")	<b>(1,532,509)</b>	(2,187,120)	(901,273)	(377,655)	(127,506)
Gross profit and gross profit margin	<b>2,466,436</b>	3,774,596	3,761,401	3,133,006	2,845,937
Operating lease services	<b>1,667,124</b>	1,762,758	2,290,299	2,319,230	2,372,269
Gross profit margin	<b>32.1%</b>	38.1%	44.6%	44.7%	53.1%
Engineering and technical services	<b>357,827</b>	990,246	865,660	640,364	442,642
Gross profit margin	<b>16.3%</b>	26.4%	29.2%	30.0%	29.1%
Asset management and other services (formerly "platform and other services")	<b>441,485</b>	1,021,592	605,442	173,412	31,026
Gross profit margin	<b>22.4%</b>	31.8%	40.2%	31.5%	19.6%
Profit before tax	<b>208,866</b>	1,200,159	1,226,523	893,804	902,499
Profit for the year attributable to holders of ordinary shares of the Company	<b>146,976</b>	896,322	962,407	664,335	709,638
Basic earnings per share (RMB)	<b>0.047</b>	0.282	0.316	0.235	0.261
Diluted earnings per share (RMB)	<b>0.047</b>	0.282	0.316	0.235	0.261
<b>Profitability Indicators</b>					
Return on average equity <sup>(1)</sup>	<b>1.3%</b>	8.1%	11.0%	10.5%	12.5%
Return on average total assets <sup>(2)</sup>	<b>0.4%</b>	2.6%	3.1%	2.3%	3.3%
Gross profit margin	<b>26.4%</b>	32.6%	39.1%	39.8%	46.3%
EBITDA margin (a non-HKFRS measure) <sup>(3)</sup>	<b>44.0%</b>	40.0%	46.6%	51.8%	52.1%

## BUSINESS OVERVIEW

	<b>31 December 2025</b>	31 December 2024	31 December 2023	31 December 2022	31 December 2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Assets and liabilities</b>					
Total assets	<b>36,368,347</b>	36,434,181	31,236,775	30,288,394	26,960,606
Total liabilities	<b>25,043,502</b>	24,975,831	20,459,108	23,616,202	20,949,645
Interest-bearing bank and other borrowings	<b>20,328,205</b>	20,902,895	17,339,232	21,212,114	17,697,766
Gearing ratio <sup>(4)</sup>	<b>68.9%</b>	68.6%	65.5%	78.0%	77.7%
Total equity	<b>11,324,845</b>	11,458,350	10,777,667	6,672,192	6,010,961
Equity attributable to holders of ordinary shares of the Company	<b>11,324,845</b>	11,458,350	10,777,667	6,672,192	6,010,961
Net assets per share (RMB) <sup>(5)</sup>	<b>3.61</b>	3.66	3.37	2.36	2.12

## BUSINESS OVERVIEW

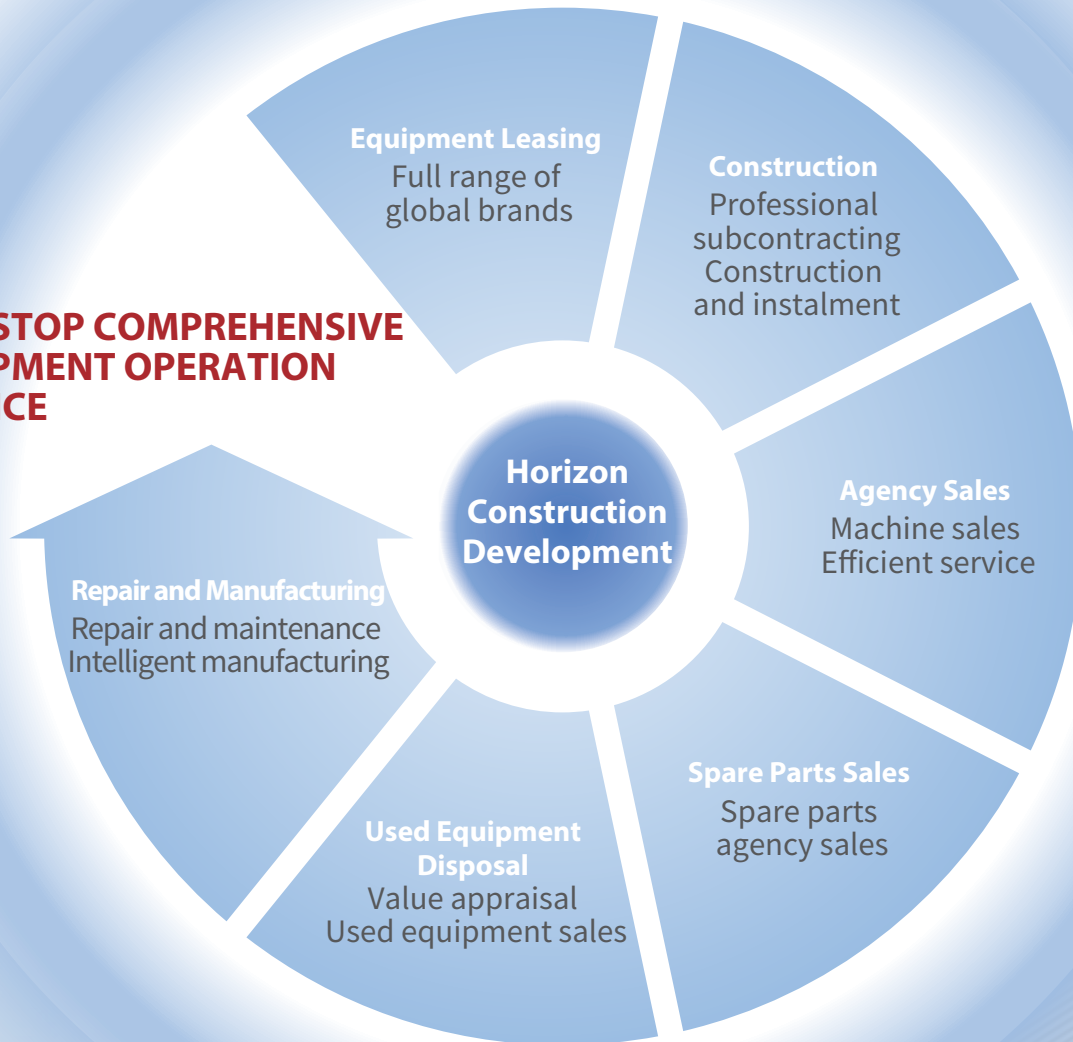
### Notes:

- (1) Return on average equity = profit for the year attributable to holders of ordinary shares of the Company/average balance of total equity at the beginning and the end of the year attributable to holders of ordinary shares of the Company.
- (2) Return on average total assets = profit for the year attributable to holders of ordinary shares of the Company/average balance of total assets at the beginning and the end of the year.
- (3) EBITDA margin (a non-HKFRS measure) = EBITDA (a non-HKFRS measure)/total revenue for the year. EBITDA (a non-HKFRS measure) = profit for the year – interest income from the bank + income tax expenses + finance costs + depreciation and amortization.
- (4) Gearing ratio = total liabilities at the end of the year/total assets at the end of the year.
- (5) Net assets per share = total equity at the end of the year attributable to holders of ordinary shares of the Company/number of ordinary shares outstanding at the end of the year.



## BUSINESS OVERVIEW

### ONE-STOP COMPREHENSIVE EQUIPMENT OPERATION SERVICE



## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. INDUSTRY ENVIRONMENT AND THE COMPANY'S SOLUTIONS

#### 1.1 National and Regional Environment

Mainland China:

2025 was the concluding year of the "14th Five-Year Plan", during which the Chinese government implemented proactive macroeconomic policies. China's GDP reached RMB140 trillion, representing a year-on-year increase of 5.0%. Meanwhile, the economic structure was adjusted and optimized with new quality productive forces developing steadily and more positive progress made in key risk areas. The involution-style competition was also curbed to some extent.

In 2025, China's manufacturing sector climbed to new heights and further elevated its position and competence as the world's factory, which served as the foundation for stabilizing China's economy. The total value of China's goods imports and exports for the year reached RMB45,468.7 billion, up 3.8% as compared to that of the previous year. In particular, exports reached RMB26,989.2 billion, which grew by 6.1% with high-tech product exports surging by 13.2%. The value-added output of industrial enterprises above the designated size nationwide increased by 5.9% as compared to the previous year. In particular, the value-added output of industrial enterprises above the designated size from the equipment manufacturing industry and the high-tech manufacturing industry accounted for 36.8% and 17.1% of the total value-added output of industrial enterprises above the designated size, respectively. Although the total fixed asset investment nationwide dropped by 3.8% year on year, manufacturing investment still sustained a growth rate of 0.6% on a high base. China is expected to maintain its position as the world's largest manufacturing leader for sixteen consecutive years, clearly benefiting from its strength in being the country with a complete range of industrial sectors.

In 2025, total infrastructure investment decreased by 1.5% year on year, while infrastructure investment (excluding electricity sector) fell by 2.2% year on year. By sector, investment in transportation, warehousing and postal services declined by 1.2% year on year, investment in water conservancy, environment and public facilities management dropped by 8.4% year on year, and investment in electricity, heat, gas and water



## MANAGEMENT DISCUSSION AND ANALYSIS

production and supply increased by 9.1% year on year. Traditional infrastructure investment was under pressure due to local government debts and other factors. Real estate investment remained at low levels with data on new construction projects and completion of existing projects declining by 20.4% and 18.1% respectively as compared to last year. Real estate investment continued to improve with weak momentum, and a genuine recovery of the real estate industry was yet to be seen.

In 2025, the construction industry realized the added value of RMB8,642.51 billion, representing a year-on-year decline of 2.7% and the first negative growth in nearly two decades. Against the backdrop of investment in real estate constantly reaching new lows and lower investment in infrastructure, industrial investment emerged as a key driver of growth for the construction industry, propelling the development of the domestic construction industry amid these challenges.

In 2025, driven by the unleashed domestic demand for equipment upgrades, the progressive commencement of major national infrastructure projects and robust infrastructure demand in regions such as Southeast Asia, the Middle East, and Africa, the domestic engineering machinery market witnessed continuous recovery. Sales of excavators, a typical engineering machine, reached approximately 235,000 units for the year. Domestic sales amounted to approximately 119,000 units, representing a year-on-year increase of 17.9%, while exports reached approximately 117,000 units, representing a year-on-year increase of 16.1%. However, it should be noted that the recovery in engineering machinery was happening alongside the overall downturn in the construction industry. The Company believed that factors such as the equipment renewal cycle and the demand arising from trade-in activities were the primary drivers of the recovery in the engineering machinery industry.

### Overseas:

The outbound direct investment of all industries in China amounted to US\$174.38 billion in 2025, representing a year-on-year increase of 7.1%. The turnover of China's foreign contracted engineering business reached RMB1,277.29 billion, up 8.1% year on year. Signed new contracts grew by 8.5% to RMB2,065.87 billion. In particular, Southeast Asia and the Middle East are the two regions where turnover-generating projects and newly signed contracts are most concentrated, which are also the key areas for the Company's overseas business expansion.

In 2025, most countries where the Company had overseas operations had achieved stable economic growth and expansion of the market size of the construction industry. However, some countries faced pressures of low growth or high inflation. The following sets forth the specific market environment in key countries where the Company has overseas operations:

In 2025, Malaysia's general economy experienced rapid growth with GDP growth for the year of 4.9%. The construction industry maintained its high growth momentum since 2024 with its size expanding by approximately 12.4% in 2025. This rapid development in Malaysia's construction industry was primarily driven by the substantial increases in government infrastructure investment and record-level private construction investment, as well as a boom of digital infrastructure construction fueled by technology companies establishing computing centers in Malaysia.

## MANAGEMENT DISCUSSION AND ANALYSIS

In 2025, Indonesia's general economy maintained stable and rapid growth with GDP growth for the year of 5.1%, ranking among the top economies globally with a GDP exceeding US\$1 trillion. In particular, the growth of the construction industry was 3.8%. To achieve the objectives of the 2025-2029 National Medium-Term Development Plan, the Indonesian government has planned to allocate an overall budget of approximately US\$62 billion for infrastructure development. With accelerated construction of Indonesia's new capital, sustained investment in transportation networks and energy infrastructure, and the progressive advancement of multiple national strategic projects, Indonesia's construction industry is projected to maintain steady growth over the medium to long term.

In 2025, Vietnam's economy realized fast-paced growth. The annual GDP expanded by 8.0%, marking the second-highest annual growth rate in nearly fifteen years. In particular, the manufacturing and construction industries collectively grew by 9.0%, ranking first among the top three industries. In respect of infrastructure development, Vietnam continued to push forward a series of major projects, including the construction of Phase I of Long Thanh International Airport, phased opening of the North-South Expressway and the launch of the Lao Cai-Hanoi-Hai Phong railway project. For housing construction, the introduction and advancement of mega-scale development projects, including the Olympic Sports City in Hanoi, will also fuel the rapid and sustainable growth of Vietnam's overall construction industry in the future.

In 2025, Thailand's economy achieved relatively moderate growth. The National Economic and Social Development Council (NESDC) of Thailand projected an economic growth rate of 2.0% for 2025. During the first nine months of 2025, Thailand's construction sector generally grew by 5.6%, which was mainly driven by public investment. Key construction projects included, among others, the high-speed rail project connecting three airports, the power grid upgrade project and the rail transit infrastructure project.

In 2025, Saudi Arabia reported further acceleration in economic growth as compared to the growth rate of 2.0% in 2024, recording GDP growth of 4.5%. Over the past five years, with the implementation of the "Saudi Vision 2030" plan and a series of construction projects, such as the NEOM megacity and the One Million Homes Initiative, having been launched and promoted successively, the construction industry in Saudi Arabia recorded an average annual growth rate of over 10%. Taking into account the demand arising from the preparation for major international exhibitions and events, including the 2030 World Expo in Riyadh and the 2034 FIFA World Cup in Saudi Arabia, as well as the approaching key milestones of "Vision 2030", the investment in Saudi Arabia's construction industry is expected to remain at a relatively high level over the next five years.

## MANAGEMENT DISCUSSION AND ANALYSIS

The IMF forecasted that the annual economic growth rate of the UAE would stand at 4.8% in 2025. In accordance with the “We the UAE 2031” vision, the UAE will seek to double its GDP from the level of 2022 by 2031. The vision also calls for accelerating the transformation of the energy sector and investments in alternative energy sources, stepping up efforts in developing a green economy. It also aims to promote the development of infrastructure and cutting-edge science and technology, with a focus on developing digital infrastructure.

Turkey’s economy was projected to achieve substantial growth in 2025 despite high inflationary pressures. The IMF projected Turkey’s annual economic growth to be 3.5%. Turkey’s inflation rate reached 30.9% in 2025, marking improvement from 44.4% in the same period of 2024. However, it still imposed significant negative impacts on foreign investment. In the first three quarters of 2025, Turkey’s construction industry achieved rapid year-on-year growth of 13.9%, primarily driven by reconstruction investments in earthquake-affected areas, investments in transportation infrastructure, new energy infrastructure development and the construction of new energy equipment production facilities.

### 1.2 Company Business Environment

The Group operates in the machinery leasing and service industry, with its main business covering the integrated operations services of products such as aerial work platform equipment, neo-excavation support system, neo-formwork system and road equipment. Meanwhile, the Group actively explores the leasing operation of new products, such as special aerial work equipment (truck-mounted aerial work platforms, glass attachment boom lifts, track-based aerial trucks, etc.), material handling equipment (forklifts, telescopic handlers, etc.), lifting equipment (truck-mounted cranes, spider cranes, etc.) and mining equipment, inside and outside of China.

In Mainland China, with the increasingly aging population, rapidly rising labor costs and stringent requirements for production safety, energy conservation and environmental protection, green, efficient, and safe engineering machinery will continue to gain market recognition. The overall development of the industry is characterized by the following features: First, the leasing industry retains market potential. In 2025, the state explicitly determined the “Two Major” and “Two New” initiatives (major infrastructure, major livelihood projects, new infrastructure and new urbanization) as strategic priorities, opening up high-quality and sustainable development opportunities for the engineering machinery leasing industry. Second, the leasing model offers strong appeal. In the context of declining profitability across the construction industry, the leasing mode has become the preferred choice for enterprises to reduce costs and enhance efficiency. Third, the leasing industry is evolving toward lean operations. The application of internet of things (IoT), artificial intelligence (AI) and other technologies is profoundly shaping the engineering machinery leasing industry. Driven by digital and intelligent restructuring, the industry as a whole is shifting toward lean operations.

## MANAGEMENT DISCUSSION AND ANALYSIS

According to IPAF Rental Market Report 2025, the unit volume of the Chinese aerial work platform leasing market amounted to 669,000 units as of the end of 2024, representing a year-on-year increase of 12%. The application fields of aerial work platforms have been expanding and widely applied in various fields, such as construction work, municipal engineering, operation maintenance, landscaping, advertisement installation, and film and entertainment. The penetration rate of the Chinese aerial work platform leasing market is much lower than that in developed markets such as Europe and the U.S. Looking forward, with the increasing acknowledgment of the practical and economical benefits of aerial work platforms by various industries, their market demand will further grow.

The neo-excavation support system mainly refers to the steel structures support system, providing clients with benefits such as a safe and green construction environment, accelerated construction progress and construction cost reduction. The neo-excavation support system has been widely used in municipal pipeline support, construction work, infrastructure construction and other fields. At the policy level, the state's sustained investment in sectors such as water conservancy, electricity and urban renewal, has created stable demand for neo-excavation support systems in specific market segments. Furthermore, the neo-excavation support system offers greater "low-carbon and eco-friendly" advantages. In the context of the carbon-peak and carbon-neutral policies, the industry is poised for accelerated growth.

The ringlock scaffold of the neo-formwork system has the characteristics of high safety, labor saving, convenient installation and disassembly, consumption saving and overall aesthetic appearance. It can be widely used in fields such as the construction of infrastructures, plants and houses. At present, the neo-formwork system lease market is in an increase-slowdown cycle. As estimated based on the statistics from China Construction Materials Rental Contractor Association, as of the end of 2024, the volume of ringlock scaffold in Chinese construction market was 27.00 million tons, representing a year-on-year increase of 4.7%. The growth of the industry exhibited fast-paced deceleration as compared to the previous year. In 2025, the operation and development index of the ringlock scaffold industry in China remained below the boom-bust line (less than 50%). The ringlock scaffold lease market was facing challenges of sluggish demand, price competition and lengthened capital return cycle as a whole, and the market landscape was still looking for further player exit and consolidation. Due to the growth in overseas housing construction and infrastructure investment, the Company sees significant growth potential in its primary overseas markets for scaffolds. Benefiting from the superior performance of its ringlock scaffold, the Company is well-positioned to capture a larger share of the international market in the future.

In overseas market, the demand for infrastructure and industrial investment in countries along the BRI, Africa and Middle East is high, which creates abundant global market opportunities for construction companies and engineering machinery companies. In 2025, the turnover of China's foreign contracted engineering business amounted to RMB1,277.29 billion, representing a year-on-year increase of 8.1%. Signed new contracts amounted to RMB2,065.87 billion, representing a growth of 8.5%. Overseas markets are becoming a crucial strategic front for the sustainable and healthy development of construction companies and engineering machinery enterprises in China.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1.3 Company's Solutions

In 2025, in the face of a complex and volatile international environment as well as a number of domestic macroeconomic challenges, the Group adhered to its market-oriented approach, countered risks through lean operations, continuously strengthened its competitive advantages, while amidst changes pursuing excellence, innovation, and progress. Upholding the development philosophy of “Be global for shared prosperity”, it solidly advanced its “Three+Three+Three (三+三+三)” development strategy, progressing toward its mission of “becoming a leading global company”.

Domestically, the Group maintained its focus on optimizing operational structures and enhancing the efficiency of lean operations. By dynamically refining its asset structure and regional layout, the Group concentrated its resources on efficient areas. It also leveraged domestic-international synergies to achieve tiered asset utilization and boost general operational efficiency. Meanwhile, a “Full-lifecycle Asset Management System” centering on operational efficiency was established to foster a closed-loop management chain covering allocation, procurement, operation and disposal. The Group comprehensively upgraded customer marketing by deepening refined customer management, launching professional and online marketing and delivering one-stop solutions. In terms of business development, it actively explored new products, industries and models, accelerating expansion beyond the construction industry. In respect of management, the Group promoted streamlined and flattened organizational structures, delegated functions to the front lines and provided services and empowerment that aligned with its businesses. The Group continued to implement lean optimization initiatives based on its business and asset chains, with a view to comprehensively upgrading functional capabilities across all departments and achieving sustainable value creation and enhancement.

The Group continued to deepen its “Three+Three+Three” overseas development strategy. Amidst an intricate and volatile international environment, it steadily reinforced its operational foundations, while promoting the upgrade of its business model toward a dual-engine model driven by “scale expansion” and “operational efficiency improvement”. Based on the developmental stages and potential of each regional market, the Group had systematically established a tiered development framework and implemented differentiated resource allocation strategies. It actively strengthened its business presence in Southeast Asia through investment, mergers and acquisitions, and successfully completed the strategic acquisition of TH Tong Heng Machinery Sdn. Bhd., a leading leasing enterprise in Malaysia, to further consolidate its regional advantage. In the Middle East, focusing on key countries such as Saudi Arabia and the UAE, businesses had entered a phase of rapid volume growth and scaled expansion. Meanwhile, the Group continued to improve operation content, perfect its global management system and summarize and review its overseas expansion experience in a systematic manner, in a bid to build sustainable development advantages. In addition, the Group steadily advanced new market layout by forming business research teams to conduct prudent investigations and preliminary explorations in emerging markets, including Central Asia, Africa and South America, laying a foundation for orderly expansion in the future.

As of the end of 2025, the Group operates 562 service outlets worldwide. Among them, 485 service outlets were located in Mainland China and Hong Kong, China, covering 229 cities, and 77 service outlets were located overseas, covering 7 countries.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 2. INCOME STATEMENT ANALYSIS

#### 2.1 Income Statement Analysis (Overview)

In 2025, the Group experienced a complex and volatile external environment, with decreased revenue as compared to the previous year. Profit before tax was RMB208,866,000, representing a decrease of 82.6% from RMB1,200,159,000 of the previous year. The Group's EBITDA (a non-HKFRS measure) was RMB4,116,180,000, representing a decrease of 11.1% from RMB4,628,654,000 of the previous year.

The following table sets forth the composition and changes in the Group's profit for the year:

For the year ended 31 December			
	2025	2024	
	RMB'000	RMB'000	Change %
Revenue	<b>9,359,192</b>	11,581,062	-19.2%
Cost of sales	<b>(6,892,756)</b>	(7,806,466)	-11.7%
Gross profit	<b>2,466,436</b>	3,774,596	-34.7%
Other income and gains	<b>192,742</b>	238,667	-19.2%
Selling and administrative expenses <sup>(1)</sup>	<b>(1,672,449)</b>	(1,866,205)	-10.4%
Provision for assets <sup>(2)</sup>	<b>58,414</b>	(120,831)	-148.3%
Other expenses	<b>(30,974)</b>	(20,241)	53.0%
Finance costs	<b>(805,303)</b>	(805,827)	-0.1%
Profit before tax	<b>208,866</b>	1,200,159	-82.6%
Income tax expenses	<b>(61,890)</b>	(303,837)	-79.6%
Profit for the year	<b>146,976</b>	896,322	-83.6%

Notes:

- (1) Selling and administrative expenses exclude impairment of repossessed assets under administrative expenses in the consolidated statement of profit or loss.
- (2) Provision for assets includes expected credit losses ("ECL") on financial and contract assets, net and impairment of repossessed assets under administrative expenses in the consolidated statement of profit or loss.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Non-HKFRS Measures

To supplement its consolidated results which are prepared and presented in accordance with HKFRS, the Group uses EBITDA, which is not required by, or presented in accordance with HKFRS. The Group believes that such non-HKFRS measures facilitate comparisons of operating performance by eliminating the potential impact of these non-core items. The use of such non-HKFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, as a substitute for, analysis of, or superior to, the results of operations or financial conditions as reported under HKFRS. In addition, such non-HKFRS financial measures may be defined differently by other companies, and may not be comparable to other similarly titled measures used by other companies.

The table below sets forth the reconciliation of the Group's non-HKFRS measures with the most directly comparable HKFRS measures:

For the year ended 31 December			
	2025	2024	
	RMB'000	RMB'000	Change %
Profit for the year	<b>146,976</b>	896,322	-83.6%
Less: Bank interest income	<b>5,786</b>	17,246	-66.5%
Add: Income tax expenses	<b>61,890</b>	303,837	-79.6%
Add: Finance costs	<b>805,303</b>	805,827	-0.1%
Add: Depreciation and Amortization <sup>(1)</sup>	<b>3,107,797</b>	2,639,914	17.7%
EBITDA (a non-HKFRS measure)	<b>4,116,180</b>	4,628,654	-11.1%

Note:

(1) Depreciation and amortization include depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of other intangible assets.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 2.2 Revenue

In 2025, the Group recorded revenue of RMB9,359,192,000, representing a decrease of 19.2% as compared with RMB11,581,062,000 of the previous year. The decline in the Group's revenue was mainly due to the continued decline in equipment rental rates in the domestic market environment, the proactive reduction of the domestic materials business that was highly related to engineering and technical services, and a decrease of the size of disposal of materials. In 2025, the Group actively deployed overseas outlets and business teams, and achieved overseas revenue of approximately RMB1,401,565,000.

Attributable to its comprehensive and multi-dimensional service model covering the full cycle of projects, the Group has established a diversified, stable and high-quality customer base with years of deep cultivation in the industry. The number of the Group's customers (on a standalone basis) increased from approximately 232,000 in 2023 to approximately 325,000 in 2024 (including approximately 1,700 overseas customers), and further increased to approximately 401,000 in 2025 (including approximately 6,400 overseas customers), covering a wide range of industries such as municipal construction, housing construction, transportation construction, shipbuilding and offshore engineering, industrial manufacturing, green energy, warehousing and logistics, culture and art, business and entertainment.

The following table sets forth key operational information related to the Group's revenue:

	For the year ended 31 December	
	2025	2024
<u>Aerial work platform</u>		
Equipment volume (in thousand units) <sup>(1)</sup>	<b>200.7</b>	216.3
Utilization rate <sup>(2)</sup>	<b>72.2%</b>	73.8%
<u>Neo-excavation support system</u>		
Equipment volume (in thousand tons)	<b>1,251</b>	1,449
Utilization rate <sup>(2)</sup>	<b>70.6%</b>	72.5%
<u>Neo-formwork system</u>		
Equipment volume (in thousand tons)	<b>631</b>	693
Utilization rate <sup>(2)</sup>	<b>66.6%</b>	76.2%

Notes:

- (1) As at 31 December 2025, among the 200,700 aerial work platforms operated and managed by the Group, 45,979 aerial work platforms were entrusted to the Group by equipment owners outside the Group to operate and manage through the asset management service model. The asset management service model primarily refers to the model in which the Group leases from other equipment suppliers and enters into sub-leases with customers.
- (2) Calculated as the average of total value of assets the Group leased out during the year divided by the average of total value of equipment the Group owned. "Average of total value of equipment" is the total asset value of all equipment, averaged between the beginning and the end of the year.

In 2025, according to the analysis on main product lines of the Group, the utilization rate of the aerial work platform, neo-excavation support system and neo-formwork system was lower than that of last year, which was primarily affected by the factors of the external market environment in Mainland China.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 2.2.1 Revenue analysis by business segment

The Group's revenue is derived from (i) operating leasing services, which primarily include aerial work platform, neo-excavation support system, neo-formwork system and other equipment; (ii) engineering and technical services, which represent the tailor-made one-stop solutions for different business or operation scenarios; and (iii) asset management and other services, which primarily consists of asset management services, and the sales of equipment, materials and spare parts.

The following table sets forth the composition and changes in the Group's revenue by business segment:

For the year ended 31 December					
	2025		2024		
	RMB'000	Proportion %	RMB'000	Proportion %	Change %
Operating lease services	<b>5,191,671</b>	<b>55.5%</b>	4,620,986	39.9%	12.3%
Engineering and technical services	<b>2,193,527</b>	<b>23.4%</b>	3,751,364	32.4%	-41.5%
Asset management and other services	<b>1,973,994</b>	<b>21.1%</b>	3,208,712	27.7%	-38.5%
Total	<b>9,359,192</b>	<b>100.0%</b>	11,581,062	100.0%	-19.2%

## MANAGEMENT DISCUSSION AND ANALYSIS

### *2.2.1.1 Operating lease services*

The Group's portfolio of operating lease services includes various types of leased equipment and materials, and operating lease services are provided on a daily, weekly, monthly, annual or project-by-project basis according to customers' needs. In 2025, the Group's revenue from operating lease services amounted to RMB5,191,671,000, representing an increase of 12.3% as compared with RMB4,620,986,000 of the previous year, which was mainly driven by the rapid increase in operating lease services revenue from the overseas business segment.

The downstream application scenarios of the Group's equipment and material leasing services are diverse. For instance, in the manufacturing industry, the neo-excavation support system and neo-formwork system can be used for the construction of inner frames, outer frames and foundation pits of factories, whereas the aerial work platform can be used for the installation of steel structures, lighting, fire-proofing, curtain walls, etc., during the installation phase of factory construction. In the commercial real estate industry, the neo-excavation support system and neo-formwork system can be used for the construction of the foundation pits and frames of commercial complexes and office buildings, whereas the aerial work platforms can be used for the installation of fixtures, billboard installation, cleaning or painting on commercial buildings. In cultural, entertainment and consumer industries, the aerial work platform can be used for high altitude video shooting, concerts and exhibitions or trade shows, and the neo-excavation support system and neo-formworks system can be used for building stadiums and exhibition centers. Meanwhile, the Group's operating lease of various new products can fulfill the diversified needs of customers in construction, production and operation.

According to the statistics of the confirmed turnover derived from the equipment operated and managed by the Group in 2025, approximately 56.1% were served in industrial projects (including industrial plants and logistics warehousing), approximately 24.9% in infrastructure and municipal projects, approximately 5.7% in commercial real estate projects (including shopping malls, hotels and offices), approximately 3.8% in residential projects, and approximately 9.5% in daily operations and other projects.

## MANAGEMENT DISCUSSION AND ANALYSIS

### *2.2.1.2 Engineering and technical services*

In 2025, the Group's revenue from engineering and technical services amounted to RMB2,193,527,000, representing a decrease of 41.5% as compared with RMB3,751,364,000 of the previous year, which was mainly because domestic materials business has adopted a contraction strategy as a whole, and has disposed of material assets on a certain scale since the second half of 2024. As such, the Group's revenue from engineering and technical services recorded a year-on-year decrease during the year.

### *2.2.1.3 Asset management and other services*

In 2025, the Group's revenue from asset management and other services amounted to RMB1,973,994,000, representing a decrease of 38.5% as compared to RMB3,208,712,000 of the previous year, mainly due to the Group's proactive reduction in the size of equipment management from leasing peers.

Revenue from asset management services represents the revenue generated by the Group through entrusted management of equipment held by other equipment owners and entering into sublease arrangements with customers. Under this model, the Group first enters into leasing agreements for the right of use of the equipment with financial leasing companies or other equipment leasing companies. During the agreed period, the Group, as the lessee, assumes full responsibility for equipment leasing, scheduling, maintenance and customer service. Subsequently, the Group subleases these entrusted equipment items to end customers for use. Leveraging the Group's nationwide operation network, digitalized management system and profound equipment operation experience, the Group has strong equipment management capabilities and further expands its strength in operational capabilities based on its own resources through entrusted management.

## MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2025, among the 200,700 aerial work platforms operated and managed by the Group, 45,979 aerial work platforms were entrusted to the Group by other equipment owners outside the Group to operate and manage through the asset management service model, which decreased as compared with the previous year.

Trading revenue represents revenue generated from sales of equipment, materials and spare parts by the Group. In 2025, the Group sold 1,926 units of equipment and 117,027 tons of materials, thus achieving continuous asset structure optimization.

The following table sets forth the composition and changes in the Group's asset management and other services:

For the year ended 31 December					
	2025		2024		
	RMB'000	Proportion %	RMB'000	Proportion %	Change %
Asset management services	<b>1,211,296</b>	<b>61.4%</b>	1,727,229	53.8%	-29.9%
Trade and others	<b>762,698</b>	<b>38.6%</b>	1,481,483	46.2%	-48.5%
Total	<b>1,973,994</b>	<b>100.0%</b>	3,208,712	100.0%	-38.5%

## MANAGEMENT DISCUSSION AND ANALYSIS

### 2.2.2 Revenue analysis by region

The following table sets forth the composition and changes in the Group's revenue by region:

For the year ended 31 December					
	2025		2024		
	RMB'000	Proportion %	RMB'000	Proportion %	Change %
Domestic regions (including Hong Kong and Macau)	<b>7,957,627</b>	<b>85.0%</b>	11,192,099	96.6%	-28.9%
Overseas regions	<b>1,401,565</b>	<b>15.0%</b>	388,963	3.4%	260.3%
Total	<b>9,359,192</b>	<b>100.0%</b>	11,581,062	100.0%	-19.2%

As at 31 December 2025, the number of equipment under management in domestic regions (including Hong Kong and Macau) was 191,100 sets, while the number of equipment under management in overseas regions was 18,900 sets. In addition to aerial work equipment, equipment under the Company's management includes material handling equipment (forklifts, telescopic handlers, etc.), lifting equipment (truck-mounted cranes, spider cranes) and mining equipment (wide-body dump trucks, mining excavators, etc.).

As at 31 December 2025, there were 1,222,000 tons of support materials and 460,000 tons of formwork assets under management in domestic regions (including Hong Kong and Macau); and there were 29,000 tons of support materials and 171,000 tons of formwork assets under management in overseas regions.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 2.3 Gross Profit and Gross Profit Margin

In 2025, the Group recorded a gross profit of RMB2,466,436,000, representing a decrease of 34.7% as compared with RMB3,774,596,000 of the previous year. The gross profit margin of the Group was 26.4%, representing a decrease of 6.2% as compared with 32.6% of the previous year, mainly due to the effects of rental or service price arising from market fluctuation.

#### 2.3.1 Gross profit by business segment

The following table sets forth the Group's gross profit and gross profit margin by segment:

For the year ended 31 December					
	2025		2024		
	RMB'000	Gross profit margin %	RMB'000	Gross profit margin %	Change in gross profit %
Operating lease services	1,667,124	32.1%	1,762,758	38.1%	-5.4%
Engineering and technical services	357,827	16.3%	990,246	26.4%	-63.9%
Asset management and other services	441,485	22.4%	1,021,592	31.8%	-56.8%
Total gross profit/gross profit margin	2,466,436	26.4%	3,774,596	32.6%	-34.7%

##### 2.3.1.1 Operating lease services

In 2025, the gross profit of the Group's operating lease services amounted to RMB1,667,124,000, representing a decrease of 5.4% as compared with RMB1,762,758,000 of the previous year. The gross profit margin of the Group's operating lease services was 32.1%, representing a decrease of 6.0% as compared with 38.1% of the previous year, mainly due to the change in utilization rate of the Group's aerial work platform, neo-excavation support system and neo-formwork system, and the fluctuation of the market rent.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 2.3.1.2 Engineering and technical services

In 2025, the gross profit of the Group's engineering and technical services amounted to RMB357,827,000, representing a decrease of 63.9% as compared with RMB990,246,000 of the previous year. The gross profit margin of the Group's engineering and technical services was 16.3%, representing a decrease of 10.1% as compared with 26.4% of the previous year, which was mainly due to the contraction strategy adopted by the domestic material businesses such as the neo-excavation support system and the neo-formwork system during the year, which affected the gross profit margin of the engineering and technical services.

### 2.3.1.3 Asset management and other services

In 2025, the gross profit of the Group's asset management and other services amounted to RMB441,485,000, representing a decrease of 56.8% as compared to RMB1,021,592,000 of the previous year. The gross profit margin of the Group's asset management and other services was 22.4%, representing a decrease of 9.4% as compared to 31.8% of the previous year, which can be further divided into:

In 2025, the gross profit of the Group's asset management services amounted to RMB311,420,000, representing a decrease of 37.4% as compared to RMB497,503,000 of the previous year. The gross profit margin of the Group's asset management service was 25.7%, representing a decrease of 3.1% as compared to 28.8% of the previous year, mainly due to the fluctuation of the market rent of assets under the operation and management of the Group and the Group's proactive reduction in the size of equipment management from leasing peers.

In 2025, the Group actively adjusted the structure of self-owned lease and service assets by disposal of certain equipment and materials assets that did not meet the efficiency requirements of the Group. The gross profit of the Group's sales of equipment, materials and spare parts amounted to RMB86,138,000, representing a decrease of 83.3% as compared to RMB514,895,000 of the previous year. The gross profit margin of the Group's sales of equipment, materials and spare parts amounted to 12.0%, representing a decrease of 23.0% as compared to 35.0% of the previous year, mainly due to a decrease of the size of disposal of materials in 2025.

### 2.3.2 Gross profit by region

The following table sets forth the composition and changes in the Group's gross profit by region:

	For the year ended 31 December				
	2025		2024		Change %
	RMB'000	Proportion %	RMB'000	Proportion %	
Domestic regions (including Hong Kong and Macau)	<b>1,875,302</b>	<b>76.0%</b>	3,604,726	95.5%	-48.0%
Overseas regions	<b>591,134</b>	<b>24.0%</b>	169,870	4.5%	248.0%
Total	<b>2,466,436</b>	<b>100.0%</b>	3,774,596	100.0%	-34.7%

## MANAGEMENT DISCUSSION AND ANALYSIS

### 2.4 Cost of Sales and Selling and Administrative Expenses

In 2025, the Group's cost of sales amounted to RMB6,892,756,000, representing a decrease of 11.7% as compared with RMB7,806,466,000 of the previous year. The Group's selling and administrative expenses (excluding impairment of repossessed assets) amounted to RMB1,672,449,000, representing a decrease of 10.4% as compared with RMB1,866,205,000 of the previous year. The total amount of the above costs and expenses was RMB8,565,205,000, representing a decrease of 11.4% as compared with RMB9,672,671,000 of the previous year, which was mainly due to the decrease in staff and labor subcontracting costs, logistics and lifting costs, and trading and re-rent costs.

The following table sets forth a breakdown of the Group's cost of sales and selling and administrative expenses (excluding impairment of repossessed assets) by nature:

For the year ended 31 December					
	2025		2024		
	RMB'000	% of revenue	RMB'000	% of revenue	Change in amount %
Depreciation and amortization <sup>(1)</sup>	<b>3,031,210</b>	<b>32.4%</b>	2,573,978	22.2%	17.8%
Depreciation and amortization-leasehold use rights <sup>(1)</sup>	<b>74,617</b>	<b>0.8%</b>	63,452	0.5%	17.6%
Staff and labor subcontracting costs <sup>(2)</sup>	<b>1,852,972</b>	<b>19.8%</b>	2,349,804	20.3%	-21.1%
Trading and re-rent costs <sup>(3)</sup>	<b>1,353,538</b>	<b>14.5%</b>	1,960,256	16.9%	-31.0%
Maintenance and consumable materials costs <sup>(4)</sup>	<b>635,035</b>	<b>6.8%</b>	578,633	5.0%	9.7%
Logistics and lifting costs <sup>(5)</sup>	<b>667,938</b>	<b>7.1%</b>	1,022,747	8.8%	-34.7%
Research and development expenses <sup>(6)</sup>	<b>272,247</b>	<b>2.9%</b>	381,242	3.3%	-28.6%
Transportation, travelling and information expenses <sup>(7)</sup>	<b>222,276</b>	<b>2.4%</b>	297,188	2.6%	-25.2%
Rental and property management services expenses <sup>(8)</sup>	<b>112,651</b>	<b>1.2%</b>	96,266	0.8%	17.0%
Taxes and surcharges	<b>70,260</b>	<b>0.8%</b>	48,968	0.4%	43.5%
Professional services fee <sup>(9)</sup>	<b>73,094</b>	<b>0.8%</b>	67,170	0.6%	8.8%
Other expenses <sup>(10)</sup>	<b>199,367</b>	<b>2.1%</b>	232,967	2.0%	-14.4%
<b>Total</b>	<b>8,565,205</b>	<b>91.5%</b>	9,672,671	83.5%	-11.4%

## MANAGEMENT DISCUSSION AND ANALYSIS

### Notes:

- (1) Depreciation and amortization are depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of other intangible assets, but excluding depreciation and amortization included in research and development expenses. The actual economic life of assets used in operating leases and engineering and technical services in the industry is generally up to 15-20 years after regular maintenance and repair. On 12 March 2024, the Group announced that the expected useful life of the hot-dip galvanizing scaffolds in the neo-formwork system would be changed from 10 years to 20 years and the expected net residual value rate would be changed from 10% to 30%. In 2025, the Group's depreciation and amortization (including the depreciation of leasehold and leased equipment use rights) amounted to RMB3,105,827,000, representing an increase of 17.8% as compared with RMB2,637,430,000 of the previous year, which was mainly due to the fact that the Group's new equipment purchases in 2024 and asset disposals in 2025 were concentrated in the second half of the year, leading to a higher depreciation for the year as compared to the previous year.
- (2) The Group's staff and labor subcontracting costs mainly represent the remuneration expenses of the Group's employees and the labor subcontracting costs incurred in connection with the demand for temporary staff in engineering and technical service projects. In 2025, the Group's staff and labor subcontracting costs amounted to RMB1,852,972,000, representing a decrease of 21.1% as compared with the previous year, which was mainly due to the downsizing of engineering service personnel as a result of the contraction of material business.
- (3) Trading and re-rent costs mainly represent trading costs of sales of equipment, materials and spare parts and the Group's equipment leasing costs. In 2025, the Group's trading and re-rent costs amounted to RMB1,353,538,000, representing a decrease of 31.0% as compared with the previous year. Among these, re-rent costs amounted to RMB720,904,000, representing a decrease of 28.1% as compared with the previous year, which was mainly due to the reduction in subleasing of aerial work vehicles in the current year. Trading costs amounted to RMB632,634,000, representing a decrease of 33.9% as compared with the previous year, which was mainly due to a decrease of the size of disposal of the Group's material assets as compared with the previous year.
- (4) The maintenance and consumable materials costs mainly represent the cost of spare parts for the Group's maintenance and repair of equipment and materials (including the equipment leased under the asset management service model), and the cost of materials consumed by the Group's engineering and technical service projects. In 2025, the Group's maintenance and consumable materials costs amounted to RMB635,035,000, representing an increase of 9.7% as compared with the previous year, which was mainly due to the higher maintenance costs overseas as a result of an increase in the size of equipment overseas.
- (5) The logistics and lifting costs mainly represent the logistics costs of equipment for transfers between different projects under the Group's operating lease services and asset management services, and the lifting costs of equipment on site of engineering and technical service projects. In 2025, the Group's logistics and lifting costs amounted to RMB667,938,000, representing a decrease of 34.7% as compared with the previous year, mainly due to the decrease in logistics costs driven by the decrease in the utilization of the Group's assets. Meanwhile, the Group has established a tracking management system for the rapid delivery of equipment and a cost reduction management system for rapid adjustment of freight rates, which effectively guarantees the timeliness of equipment transportation in all aspects and effectively controls the transportation price of equipment. By continuously improving the logistics monitoring system, improving the delivery mode and capacity structure, and optimizing the allocation and transportation distance, the Group has greatly contributed to the efficiency and cost reduction of the Company's operations, and the unit price of logistics in 2025 decreased by 7.2% as compared with the previous year.
- (6) The Group's research and development expenses are mainly depreciation, materials and staff cost from research and development activities which are used for the upgrade and digitalization of engineering and technical services and internet of things ("IoT"). In 2025, the Group's research and development expenses amounted to RMB272,247,000 (including depreciation and amortization amounting to RMB1,970,000), representing a decrease of 28.6% as compared with the previous year, mainly attributable to fewer research and development projects of the Group for digitalization system.
- (7) The Group incurred transportation, travelling and information expenses of RMB222,276,000, representing a decrease of 25.2% as compared with the previous year, which was mainly due to the decrease in overseas market development projects of the Group as compared with the previous year.
- (8) The Group incurred rental and property management services expenses of RMB112,651,000, representing an increase of 17.0% as compared with the previous year, mainly due to an increase in rental and property management services expenses as a result of the increase in total number of overseas service outlets of the Group.
- (9) The Group incurred professional service fees of RMB73,094,000, representing an increase of 8.8% as compared with the previous year, mainly due to the Group's steady progress in various compliance work, as well as fees incurred by external professional lawyers' team to diversify collection methods and strengthen collection efforts.
- (10) Other expenses mainly include fuel costs consumed by engineering and technical service projects, office expenses and business entertainment and promotion expenses.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 2.5 Other Income and Gains

In 2025, the Group realized other income and gains of RMB192,742,000, representing a decrease of 19.2% as compared with RMB238,667,000 of the previous year, mainly due to the decrease in interest income and foreign exchange gains for the year.

	For the year ended 31 December		
	2025	2024	Change %
	RMB'000	RMB'000	
Interest income	<b>5,786</b>	17,246	-66.5%
Government grant and gain on additional reduction	<b>142,554</b>	151,873	-6.1%
Gain on disposal of items of property, plant and equipment and early termination of right-of-use assets	<b>29,525</b>	14,082	109.7%
Foreign exchange gains	—	39,949	-100.0%
Net fair value gains:			
Derivative financial instruments-not for hedge accounting	—	3,732	-100.0%
Other	<b>14,877</b>	11,785	26.2%
<b>Total</b>	<b>192,742</b>	238,667	-19.2%

## MANAGEMENT DISCUSSION AND ANALYSIS

### 2.6 Provision for Assets

The provision for assets of the Group is expected credit losses (“ECL”) of the financial assets and impairment of repossessed assets under administrative expenses. The Group adopts a prudent strategy to assess the risk of asset provision, to carry out multi-dimensional quantitative assessment on the imported customers and to strengthen the monitoring of the repayment ability of customers through the linkage mechanism of risk review and risk control, so as to ensure the security of assets of the Group.

The following table sets forth a breakdown of the ECL of the financial assets of the Group:

For the year ended 31 December					
	2025		2024		
	RMB'000	Proportion %	RMB'000	Proportion %	Change %
Trade receivables and contract assets	<b>-74,088</b>	<b>67.3%</b>	175,327	163.2%	-142.3%
Notes receivables	<b>-18,221</b>	<b>16.5%</b>	-72,521	-67.5%	-74.9%
Other	<b>-17,833</b>	<b>16.2%</b>	4,568	4.3%	-490.4%
Total	<b>-110,142</b>	<b>100.0%</b>	107,374	100.0%	-202.6%

For details, please refer to the discussion and analysis in 3.3, 3.4 and 3.5 of this section.

### 2.7 Other Expenses

Other expenses of the Group primarily consist of (i) foreign exchange losses, mainly arising from bank borrowings denominated in foreign currencies of the Group; and (ii) commission expenses, representing commission fees and handling fees charged by banks and non-bank financial institutions in connection with the bank and other borrowings of the Group.

In 2025, the Group’s other expenses amounted to RMB30,974,000, representing an increase of 53.0% as compared with RMB20,241,000 of the previous year, mainly due to the increase in financing handling fees and foreign exchange losses during the year.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 2.8 Finance Costs

Finance costs of the Group primarily consist of (i) interest on borrowings; and (ii) interest on lease liabilities.

In 2025, the Group's finance costs amounted to RMB805,303,000, representing a decrease of 0.1% as compared with RMB805,827,000 of the previous year, mainly due to the decrease in interest on interest-bearing bank and other borrowings of the Group by RMB4,222,000. For details, please refer to the discussion and analysis in 2.8.1 and 3.11 of this section.

#### 2.8.1 Interest on borrowings

The following table sets forth the average balance of interest-bearing bank and other borrowings, interest expense, and average financing rate of the Group:

	For the year ended 31 December					
	2025			2024		
	Average balance <sup>(1)</sup>	Interest expense	Average financing rate <sup>(2)</sup>	Average balance <sup>(1)</sup>	Interest expense	Average financing rate <sup>(2)</sup>
	RMB'000	RMB'000		RMB'000	RMB'000	
Interest-bearing bank and other borrowings	<b>20,615,550</b>	<b>773,018</b>	/	19,121,064	777,240	/
Including: interest-bearing bank and other borrowings, deducting redemption liabilities on ordinary shares	<b>20,615,550</b>	<b>773,018</b>	<b>3.75%</b>	19,121,064	777,240	4.06%

Notes:

(1) Average balance = (interest-bearing bank and other borrowings or balance of interest-bearing bank and other borrowings at the beginning of the year + interest-bearing bank and other borrowings or balance of interest-bearing bank and other borrowings at the end of the year)/2.

(2) Average financing rate = interest expense during the year / corresponding average balance.

In 2025, the average financing rate of interest-bearing bank and other borrowings of the Group was 3.75%, representing a decrease of 0.31% as compared with 4.06% of the previous year, mainly due to the improved domestic financing environment as a result of the interest rate reduction by the central bank, and the preferential interest rate continuously available to the Group as the Group's main businesses were encouraged by the country. Meanwhile, the Group actively utilized innovative products such as green loans, supply chain financing, and loans for sci-tech innovation, and proactively optimized its debt structure through the early settlement of the liabilities with higher-than-average costs, thus further reducing its overall financing costs. The Group monitored interest rate trends continuously and managed its interest rate risk by structuring its fixed- and floating-rate borrowings rationally.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 2.9 Income Tax Expenses

In 2025, the Group's income tax expenses amounted to RMB61,890,000, representing a decrease of 79.6% as compared with RMB303,837,000 of the previous year, mainly due to the decrease in profit before tax of the Group; the effective tax rate of the Group was 29.6%, representing an increase of 4.3% as compared with 25.3% of the previous year, mainly due to the fact that the Group did not make provisions for deferred income tax on certain losses for reasons of prudence.

### 2.10 Profit for the Year

Based on the above discussion and analysis, the Group's profit for the year was RMB146,976,000, representing a decrease of 83.6% as compared with RMB896,322,000 of the previous year.

The following table sets forth the composition and changes in the Group's net profit after tax by region:

For the year ended 31 December					
	2025		2024		Change %
	RMB'000	Proportion %	RMB'000	Proportion %	
Domestic regions (including Hong Kong and Macau)	<b>12,232</b>	<b>8.3%</b>	817,127	91.2%	-98.5%
Overseas regions	<b>134,744</b>	<b>91.7%</b>	79,195	8.8%	70.1%
Total	<b>146,976</b>	<b>100.0%</b>	896,322	100.0%	-83.6%

As the overseas segment was gradually maturing, the Group allocated RMB128,652,000 as remuneration for senior management, interest expenses and others from segment profit from 2025 based on the proportion of assets held by the overseas segment.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 2.11 Basic Earnings per Share

In 2025, basic earnings per share of the Group amounted to RMB0.047, representing a decrease of RMB0.235 or 83.3% from RMB0.282 of the previous year.

For the year ended 31 December			
	2025	2024	Change %
Profit for the year attributable to holders of ordinary shares of the Company (RMB'000)	<b>146,976</b>	896,322	-83.6%
Weighted average number of ordinary shares in issue (share) <sup>(1)</sup>	<b>3,134,061,656</b>	3,176,285,333	-1.3%
Basic earnings per share (RMB)	<b>0.047</b>	0.282	-83.3%

Note:

- (1) Weighted average number of ordinary shares in issue (share) = (the number of outstanding ordinary shares at the beginning of the year + positive or negative change of the number of ordinary shares during the year × number of change months)/12

## MANAGEMENT DISCUSSION AND ANALYSIS

### 3. ANALYSIS OF FINANCIAL CONDITION

#### 3.1 Assets (Summary)

As at 31 December 2025, total assets of the Group were RMB36,368,347,000, representing a decrease of RMB65,834,000 or 0.2% as compared with that of the end of last year. The following table sets forth assets of the Group as at the dates indicated:

	31 December 2025		31 December 2024		Change %
	RMB'000	% of total	RMB'000	% of total	
Property, plant and equipment	<b>21,583,432</b>	<b>59.4%</b>	22,245,403	61.1%	-3.0%
Trade receivables and contract assets	<b>7,496,363</b>	<b>20.6%</b>	6,624,774	18.2%	13.2%
Notes receivables <sup>(1)</sup>	<b>1,061,829</b>	<b>2.9%</b>	871,920	2.4%	21.8%
Prepayments, other receivables and other assets	<b>2,739,355</b>	<b>7.5%</b>	3,377,515	9.3%	-18.9%
Cash and bank balances	<b>1,610,210</b>	<b>4.4%</b>	1,793,336	4.9%	-10.2%
Right-of-use assets	<b>904,417</b>	<b>2.5%</b>	905,139	2.5%	-0.1%
Goodwill	<b>173,979</b>	<b>0.5%</b>	–	–	100.0%
Other assets	<b>798,762</b>	<b>2.2%</b>	616,094	1.6%	29.6%
<b>Total assets</b>	<b>36,368,347</b>	<b>100.0%</b>	36,434,181	100.0%	-0.2%
Including: non-current assets	<b>23,717,756</b>	<b>65.2%</b>	24,225,463	66.5%	-2.1%
Including: current assets	<b>12,650,591</b>	<b>34.8%</b>	12,208,718	33.5%	3.6%

Note:

(1) Notes receivables are recorded under “debt investments at fair value through other comprehensive income” in the consolidated statement of financial position.

## MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth assets of the Group as at the dates indicated:

	31 December 2025		31 December 2024		
	RMB'000	Proportion %	RMB'000	Proportion %	Change %
Domestic regions (including Hong Kong and Macau)	<b>30,516,617</b>	<b>83.9%</b>	32,886,413	90.3%	-7.2%
Overseas regions	<b>5,851,730</b>	<b>16.1%</b>	3,547,768	9.7%	64.9%
Total	<b>36,368,347</b>	<b>100.0%</b>	36,434,181	100.0%	-0.2%

### 3.2 Property, Plant and Equipment

As at 31 December 2025, the property, plant and equipment of the Group amounted to RMB21,583,432,000, representing a decrease of RMB661,971,000 or 3% as compared with that of the end of last year, due to the combined effect of the following factors: (i) in 2025, the Group has adopted a proactive contraction strategy for its domestic materials business as a whole; and (ii) the provision on depreciation of property, plant and equipment amounted to RMB2,723,623,000 for the year.

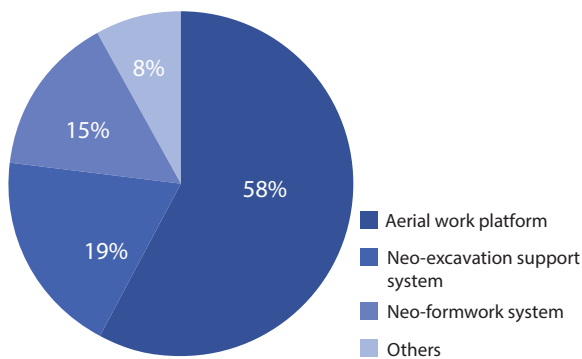
The following table sets forth the property, plant and equipment of the Group as at the dates indicated:

	31 December 2025		31 December 2024		
	RMB'000	% of total	RMB'000	% of total	Change %
Equipment, materials and moulds for leasing and services	<b>20,934,490</b>	<b>97.0%</b>	21,611,798	97.2%	-3.1%
Buildings	<b>492,924</b>	<b>2.3%</b>	519,141	2.3%	-5.1%
Leasehold improvements and others	<b>156,018</b>	<b>0.7%</b>	114,464	0.5%	36.3%
Total	<b>21,583,432</b>	<b>100.0%</b>	22,245,403	100.0%	-3.0%

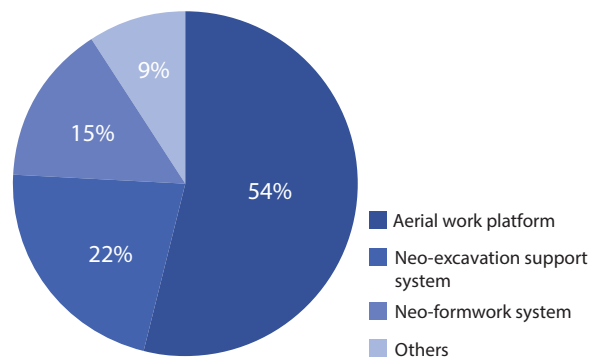
## MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2025, the equipment, materials and molds for leasing and services of the Group mainly included aerial work platform of RMB12,178,135,000 (2024: RMB11,739,849,000), neo-excavation support system of RMB4,019,109,000 (2024: RMB4,850,942,000) and neo-formwork system of RMB3,227,967,000 (2024: RMB3,187,393,000). During the year, the Group held products such as material handling equipment (forklifts, telescopic handlers, etc.), lifting equipment (truck-mounted cranes, spider cranes) and mining equipment (wide-body dump trucks, mining excavators, etc.).

Asset distribution by product lines in 2025



Asset distribution by product lines in 2024



The Group researches the operating lease markets by product category and by geography (both domestic and overseas) to estimate appropriate time for further actions. The Group would consider disposing of the equipment and material assets which did not meet the efficiency requirements of the Group to second-hand market after such equipment and material assets have been used for a certain period of time.

For equipment maintenance and management, the equipment asset service and maintenance team of the Group has a comprehensive decision-making and balance mechanism comprising front-end monitoring and handling, middle-office process control and back-end supervision and support, and establishes a management system covering the full life cycle of asset maintenance, which realizes a whole process closed-loop management of "equipment procurement-equipment leasing services flow and process maintenance-equipment overhaul-equipment disposal", with the support of organizational guarantee, technical guarantee and material guarantee to improve the overall efficiency of equipment operation.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 3.3 Trade Receivables and Contract Assets

Trade receivables represent amounts receivable by the Group for services rendered and goods sold to customers.

Contract assets represent the right to receive payment arising from the provision of engineering and technical services by the Group to customers; contract assets are initially recognized for revenue earned from engineering and technical services as the receipt of consideration is conditional on successful completion of services and acceptance by the customer, respectively. Upon completion of services and acceptance by the customer, the amounts recognized as contract assets are reclassified to trade receivables.

The table below sets forth the composition of the trade receivables and contract assets of the Group as at the dates indicated:

	31 December 2025	31 December 2024	
	RMB'000	RMB'000	Change %
Trade receivables and contract assets			
Gross carrying amount <sup>(1)</sup>	<b>8,661,210</b>	7,817,941	10.8%
Provision <sup>(1)</sup>	<b>-1,164,847</b>	-1,193,167	-2.4%
Net carrying amount	<b>7,496,363</b>	6,624,774	13.2%

(1) In 2025, the reversal of bad debts of trade receivables of the Group amounted to RMB48,660,000 (the previous year: written-off RMB26,155,000).

## MANAGEMENT DISCUSSION AND ANALYSIS

### 3.3.1 Total trade receivables and contract assets

As at 31 December 2025, the total trade receivables and contract assets of the Group amounted to RMB8,661,210,000, representing an increase of RMB843,269,000 or 10.8% as compared with that of the end of last year, mainly due to the later timing of the 2026 Spring Festival, which delayed payment recovery, resulting in a higher receivable balance at the end of 2025.

### 3.3.2 Provision for trade receivables and contract assets

As at 31 December 2025, the provision for trade receivables and contract assets of the Group amounted to RMB1,164,847,000 in aggregate, representing a decrease of RMB28,320,000 or 2.4% as compared with that of the end of last year, mainly because the Company started to implement a rating management system for customers in the year, and supplemented and improved the management system for blacklisted customers accordingly. During the year, customers who were classified as high-level customers with good qualifications were removed from the blacklist, so as to better maintain customer relationships and carry out normal business cooperation.

The Group has implemented systematic risk management assessment policies to evaluate the credit and performance of our customers. The Group has a large number of customers, in particular, it needs to deal with a large number of small and medium-sized customers in aerial work platform business, among which the Group used a "Hongxin Score" ("宏信分") model to carry out quantitative risk assessment for such customers. By superimposing historical transaction data, external monitoring data and internal cooperation records accumulated in the course of operation from multiple dimensions, such model performs quantitative analysis on 70 subdivision indicators to screen out the characteristics of high-quality customers, thus realizing intelligent and automatic evaluation of small and medium-sized customers. For large-scale engineering projects, the Group selected customers and projects through quantitative and manual evaluation, fully evaluated the potential risks such as project compliance risk, construction technology risk, supply guarantee risk, HSE risk and credit risk from multiple dimensions, and formulated corresponding solutions. In terms of trade receivables management, the Group strengthened risk awareness through risk review and risk control and debt linkage mechanism, and realized effective isolation of risk customers through management mechanisms such as blacklist, and conducted on-site evaluation of our customer's operation as necessary. The Group reviews the trade receivables balance and follows up with our customers with overdue trade receivables on a quarterly basis. At the same time, the Group classified trade receivables into different risk levels and recognized provisions accordingly with reference to our past recoverability, the quarterly review of ageing of trade receivables and observable changes in economic conditions that correlate with default on trade receivables.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 3.3.3 Trade receivables turnover days and ageing distribution

In 2025, the Group's trade receivables turnover days were 248 days, representing an increase as compared with 172 days of the previous year, which is mainly due to an increase in turnover days resulting from the increase in net accounts receivable compared to the beginning of the year and the decrease in the revenue for the year.

The table below sets forth the ageing distribution of the trade receivables of the Group as at the dates indicated based on the billing date:

	31 December 2025				31 December 2024				Change, net %
	Total	Provision	Net	Net	Total	Provision	Net	Net	
	RMB'000	RMB'000	RMB'000	% of total	RMB'000	RMB'000	RMB'000	% of total	
Trade receivables									
Within 1 year	5,061,650	-306,628	4,755,022	69.6%	5,209,993	-590,038	4,619,955	78.7%	2.9%
More than 1 year	2,870,262	-789,184	2,081,078	30.4%	1,778,584	-527,613	1,250,971	21.3%	66.4%
Total	7,931,912	-1,095,812	6,836,100	100.0%	6,988,577	-1,117,651	5,870,926	100.0%	16.4%

The table below sets forth the trade receivables turnover days for the year indicated:

	For the year ended 31 December	
	2025	2024
Trade receivables turnover days during the year	248	172

Note:

- (1) The trade receivables turnover days equal the average net trade receivables at the beginning and end of the year divided by the total revenue for the year and multiplied by 365.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 3.4 Notes Receivables

As at 31 December 2025, the notes receivables of the Group amounted to RMB1,061,829,000, representing an increase of RMB189,909,000 or 21.8% as compared with that of the end of the previous year, which is mainly due to the Group's prudent collection strategy.

The following table sets forth the notes receivables of the Group as at the dates indicated:

	31 December 2025		31 December 2024		Change %
	RMB'000	% of total	RMB'000	% of total	
Bank acceptances	144,656	13.6%	296,947	34.1%	-51.3%
Commercial acceptance bills and letters of credit	917,173	86.4%	574,973	65.9%	59.5%
Total	1,061,829	100.0%	871,920	100.0%	21.8%

### 3.5 Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets primarily consist of (i) prepayments and deposits, mainly including expenditures related to our procurement and rental of equipment or materials, deposits paid to providers for the re-renting of equipment, deposits paid for financing, and deposits paid to bid for projects; and (ii) tax recoverable, which primarily includes our input VAT to be credited.

As at 31 December 2025, the net prepayments, other receivables and other assets of the Group amounted to RMB2,739,355,000, representing a decrease of RMB638,160,000 or 18.9% as compared with that of the end of the previous year, which was mainly due to the decrease in the prepayments and deposits.

## MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth a breakdown of the Group's prepayments, other receivables and other assets as at the dates indicated:

	31 December 2025		31 December 2024		Change %
	RMB'000	% of total	RMB'000	% of total	
Prepayments and deposits	<b>819,452</b>	<b>29.6%</b>	1,451,147	42.3%	-43.5%
Tax recoverable	<b>1,447,659</b>	<b>52.2%</b>	1,524,137	44.5%	-5.0%
Other receivables	<b>72,920</b>	<b>2.6%</b>	69,204	2.0%	5.4%
Other	<b>431,347</b>	<b>15.6%</b>	382,883	11.2%	12.7%
Total	<b>2,771,378</b>	<b>100.0%</b>	3,427,371	100.0%	-19.1%
Provision	<b>-32,023</b>		-49,856		-35.8%
Net	<b>2,739,355</b>		3,377,515		-18.9%

### 3.6 Cash and Bank Balances

As at 31 December 2025, the cash and bank balances of the Group amounted to RMB1,610,210,000, representing a decrease of RMB183,126,000, or 10.2% as compared with that of the end of the previous year, mainly due to the Group's control of its cash reserves during the year and early settlement of its liabilities with higher-than-average costs.

The Group retains relatively abundant cash and cash equivalents to support its business development needs and ensure the liquidity safety of the Group. The cash and cash equivalents of the Group are mainly RMB-denominated assets, as well as a small amount of foreign currencies, including Hong Kong dollar, USD, Euro, Malaysian Ringgit, Indonesian Rupiah, THB, Vietnamese Dong, SGD, AED, SAR, TRY, OMR, MOP, Kazakhstani Tenge, etc.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 3.7 Right-of-Use Assets

As at the lease commencement date, the Group recognizes right-of-use assets and the corresponding lease liabilities, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. As at 31 December 2025, the right-of-use assets of the Group amounted to RMB904,417,000, representing a decrease of RMB722,000, or 0.1% as compared with that of the end of the previous year, mainly due to the increase in right-of-use assets under equipment resulting from the Group's acquisition of TH Tong Heng Machinery Sdn. Bhd., as well as the decrease in the net right-of-use assets resulting from the normal depreciation of right-of-use assets.

The following table sets forth a breakdown of right-of-use assets of the Group as at the dates indicated:

	31 December 2025		31 December 2024		Change %
	RMB'000	% of total	RMB'000	% of total	
Equipment	<b>629,981</b>	<b>69.7%</b>	609,296	67.3%	3.4%
Leasehold land	<b>171,988</b>	<b>19.0%</b>	176,693	19.5%	-2.7%
Offices and others	<b>102,448</b>	<b>11.3%</b>	119,150	13.2%	-14.0%
Total	<b>904,417</b>	<b>100.0%</b>	905,139	100.0%	-0.1%

### 3.8 Goodwill

As at 31 December 2025, the Group's goodwill amounted to RMB173,979,000. On 30 May 2025, the Group completed the acquisition of TH Tong Heng Machinery Sdn. Bhd.

### 3.9 Other Assets

As at 31 December 2025, the Group's other assets amounted to RMB798,762,000, mainly including (i) RMB386,667,000 of the balance of deferred tax assets recognized for the provision for asset and other deductible temporary differences; and (ii) RMB405,931,000 of balance of inventories for the purpose of raw materials used for manufacturing neo-formwork system and spare parts used for repairing aerial work platform, self-manufactured neo-formwork system and finished goods held for sale in the ordinary course of business.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 3.10 Liabilities (Overview)

As at 31 December 2025, the total liabilities of the Group were RMB25,043,502,000, representing an increase of RMB67,671,000, or 0.3% as compared with that of the end of the previous year.

The following table sets forth the details of the Group's liabilities as at the dates indicated:

	31 December 2025		31 December 2024		Change %
	RMB'000	% of total	RMB'000	% of total	
Interest-bearing bank and other borrowings	<b>20,328,205</b>	<b>81.1%</b>	20,902,895	83.7%	-2.7%
Trade and bills payables	<b>2,924,244</b>	<b>11.7%</b>	2,395,257	9.6%	22.1%
Other payables and accruals	<b>995,027</b>	<b>4.0%</b>	886,686	3.5%	12.2%
Lease liabilities	<b>607,852</b>	<b>2.4%</b>	633,582	2.5%	-4.1%
Tax payables	<b>96,939</b>	<b>0.4%</b>	141,922	0.6%	-31.7%
Derivative financial instruments	<b>17,298</b>	<b>0.1%</b>	1,732	0.0%	898.7%
Financial liabilities at fair value through profit or loss	<b>73,937</b>	<b>0.3%</b>	–	–	N/A
Deferred revenue	–	<b>0.0%</b>	13,757	0.1%	-100.0%
<b>Total liabilities</b>	<b>25,043,502</b>	<b>100.0%</b>	24,975,831	100.0%	0.3%
Including: Current liabilities	<b>11,528,820</b>	<b>46.0%</b>	10,149,736	40.6%	13.6%
Including: Non-current liabilities	<b>13,514,682</b>	<b>54.0%</b>	14,826,095	59.4%	-8.8%

## MANAGEMENT DISCUSSION AND ANALYSIS

### 3.11 Interest-bearing Bank and Other Borrowings

In the face of the complex domestic and international financial environment, the Group continued to optimize its debt structure in 2025 with good progress in financing. The Group actively expanded its credit resources in Hong Kong, Macau, and other overseas regions, further enhancing the stability of financing. Moreover, the Group actively promoted the use of innovative products such as green loans, supply chain financing and loans for sci-tech innovation to effectively reduce financing costs.

As at 31 December 2025, the Group's balance of interest-bearing bank and other borrowings was RMB20,328,205,000, representing a decrease of RMB574,690,000, or 2.7% as compared with that of the end of previous year. The decrease in the balance of interest-bearing bank and other borrowings was mainly due to the Group's proactive control of the size of its interest-bearing liabilities and early settlement of the liabilities with higher-than-average costs. The average financing rate for the year was 3.75%, and the financing costs were under effective control.

The following table sets forth the compositions of the Group's interest-bearing bank and other borrowings as at the dates indicated:

	31 December 2025		31 December 2024		Change %
	RMB'000	Proportion %	RMB'000	Proportion %	
Secured	<b>5,840,869</b>	<b>28.7%</b>	8,036,093	38.4%	-27.3%
Unsecured	<b>14,487,336</b>	<b>71.3%</b>	12,866,802	61.6%	12.6%
Total	<b>20,328,205</b>	<b>100.0%</b>	20,902,895	100.0%	-2.7%
Including: Current liabilities	<b>7,294,708</b>	<b>35.9%</b>	6,535,498	31.3%	11.6%
Non-current liabilities	<b>13,033,497</b>	<b>64.1%</b>	14,367,397	68.7%	-9.3%

In 2025, the Group has prudently managed financial risk. As at 31 December 2025, the proportion of the unsecured interest-bearing bank and other borrowings increased to 71.3% from that of 61.6% at the end of the previous year, while the proportion of secured interest-bearing bank and other borrowings represented a decrease as compared with that of the end of the previous year. Changes in the Group's secured and unsecured structure are mainly attributable to the fact that the Group optimized its financing structure and adjusted the proportion of interest-bearing bank and other borrowings.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 3.12 Trade and Bills Payables

Trade and bills payables are amounts payable to suppliers.

As at 31 December 2025, the Group's trade and bills payables were RMB2,924,244,000, representing an increase of RMB528,987,000 or 22.1% as compared with that of the end of the previous year, which was mainly due to the Group's active management of payments to suppliers based on the recovery of payments from business.

### 3.13 Other Payables and Accruals

The Group's other payables and accruals primarily include (i) deposits, which represent deposits paid by our customers; (ii) salary and welfare payable to our employees; (iii) advanced rentals and contract liabilities, which represent amounts received from customers by the Group in advance for services according to the payment schedule as agreed in the contract; (iv) interest payables relating to bank and other borrowings; and (v) other tax payables, primarily VAT payables.

As at 31 December 2025, the Group's balance of other payables and accruals was RMB995,027,000, representing an increase of RMB108,341,000 or 12.2% as compared with that of the end of the previous year, which is mainly due to the increase in the Group's advances from customers in 2025.

### 3.14 Lease Liabilities

As mentioned in 3.7, other than part of leases, the right-of-use assets and corresponding lease liabilities are recognized by the Group at the commencement date of the lease. The land leased by the Group has been prepaid and no subsequent payment is required, therefore there is no balance of land lease liabilities. The lease liabilities of the Group mainly arise from leases of office and equipment.

As at 31 December 2025, the lease liabilities of the Group amounted to RMB607,852,000, representing a decrease of RMB25,730,000 as compared with that of the end of the previous year, which is mainly due to the normal amortization of lease liabilities.

### 3.15 Derivative Financial Instruments

The Group's derivative financial instruments liability is interest rate swap financial instrument, which is used to hedge for interest risk exposure of floating rate borrowings of the Group. The Group adopted hedge accounting, and the change in fair value of interest rate swap financial instrument was recorded in change in equity.

### 3.16 Financial Liabilities at Fair Value Through Profit or Loss

The Group's financial liabilities at fair value through profit or loss arose from the acquisition of TH Tong Heng Machinery Sdn. Bhd. Pursuant to the shareholders' agreement, the Group may purchase the remaining 20% equity interest in TH Tong Heng Machinery Sdn. Bhd. at exercise prices determined based on key metrics, including the average adjusted earnings before interest, taxes, depreciation, and amortization ("EBITDA") from the accounts for the three years ending 31 December 2027 and 31 December 2034, as well as the cash and debt position as of 31 December 2027 and 31 December 2034, respectively. As the Group has practical control or obtainable access over the minority interests, the Group actually controlled 100% equity interests over TH Tong Heng Machinery Sdn. Bhd. as of the acquisition date. The contingent consideration was initially recognized by RMB73,937,000, which is presented under financial liabilities at fair value through profit or loss.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 3.17 Shareholders' equity

As at 31 December 2025, the Company's total equity was RMB11,324,845,000, representing a decrease of RMB133,505,000 or 1.2% as compared with that of the end of the previous year.

The following table sets forth the analysis of the Company's equity as at the dates indicated:

	31 December 2025	31 December 2024	
	RMB'000	RMB'000	Change %
Share capital <sup>(1)</sup>	421	421	–
Reserves	11,324,424	11,457,929	-1.2%
Total equity	11,324,845	11,458,350	-1.2%

Note:

(1) The changes in the Company's equity in 2025 are shown in the table below.

	Equity of the Company
	RMB'000
31 December 2024	11,458,350
Profit for the year	146,976
Dividend distribution	-132,874
Exchange differences on translation of foreign operations	-158,887
Other changes in equity	11,280
31 December 2025	11,324,845

On 14 April 2025, the annual general meeting of the Company considered and approved the distribution of 2024 final dividend of HK\$0.045 per share, which was paid on 2 July 2025.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 4. CAPITAL MANAGEMENT

For the purpose of stable capital management and subject to the changes of economic environment, the Group has adopted prudent capital management strategy. The Group regulates capital structure and financial management efficiency through financial return criteria (i.e. “return on average equity”, “return on average total assets” and others) and leverage ratio (i.e. “gearing ratio”).

The following table sets forth the key financial ratios of the Group:

	For the year ended 31 December	
	2025	2024
Return on average equity <sup>(1)</sup>	<b>1.3%</b>	8.1%
Return on average total assets <sup>(2)</sup>	<b>0.4%</b>	2.6%
Gearing ratio <sup>(3)</sup>	<b>68.9%</b>	68.6%

Notes:

- (1) Return on average equity = profit for the year attributable to holders of ordinary shares of the Company/average balance of total equity at the beginning and the end of the year attributable to holders of ordinary shares of the Company.
- (2) Return on average total assets = profit for the year attributable to holders of ordinary shares of the Company/average balance of total assets at the beginning and the end of the year.
- (3) Gearing ratio=the total liabilities at the end of year/the total assets at the end of year.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 4.1 Return on Average Equity

In 2025, the Group's return on average equity was 1.3%, representing a decrease of 6.8% as compared with the previous year, primarily due to the decrease in the Group's profit for the year and the increase in average equity.

### 4.2 Return on Average Total Assets

In 2025, the Group's return on average total assets was 0.4%, representing a decrease of 2.2% as compared with the previous year, primarily due to the decrease in the Group's profit for the year and the increase in average total assets.

### 4.3 Gearing Ratio

As at 31 December 2025, the Group's gearing ratio was 68.9%, representing an increase of 0.3% as compared with that of 68.6% at the end of the previous year and a decrease of 0.1% as compared with that as at 30 June 2025.

## 5. CAPITAL EXPENDITURE

The Group's capital expenditure consisted of additions to property, plant and equipment and other intangible assets. In 2025, our capital expenditure amounted to RMB2,389,791,000, representing a decrease of 66.4% as compared with RMB7,104,623,000 of the previous year. Net capital expenditure after deduction of sales of used equipment and materials amounted to RMB952,204,000, representing a decrease of 80.3% from RMB4,832,205,000 of the previous year. The Group intends to finance future capital expenditure plans through cash flow from operating activities and bank and other borrowings.

## 6. RISK MANAGEMENT

The Group is exposed to various types of financial risks in the ordinary course of business, including foreign currency risk, liquidity risk, operating cycle risk, etc. Overall risk management strategy of the Group focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 6.1 Foreign Currency Risk

The Group primarily conducts its business in Renminbi and its monetary assets and liabilities are principally denominated in RMB. As at 31 December 2025, the Group adopted prudent currency risk management, keeping its foreign exchange exposure under control.

Most of the Group's currencies were denominated in Renminbi, thus effectively controlling its foreign currency exposure risks. For exchange rate risk exposures arising from certain foreign currency borrowings, the Group employed cross-currency swap (CCS) contracts to hedge these positions, locking in future cash flows for principal and interest payments to mitigate uncertainties stemming from exchange rate and interest rate fluctuations. Meanwhile, the Group continuously monitored exchange rate market movements to ensure foreign exchange risks remained under control.

### 6.2 Liquidity Risk

The Group's objective is to maintain balance between continuity of funding and flexibility by using interest-bearing bank and other borrowings. The Group managed to control the liquidity risk through the following measures: (i) optimize our financing structure by expanding long-term financing products to mitigate the maturity mismatches between assets and liabilities; and (ii) operate effective capital plan and management mechanism and maintain a certain percentage of capital position to ensure safe liquidity.

### 6.3 Economic Cycle Risk

The Group's equipment operation services are highly correlated with construction and industrial activities, which are cyclical in nature and could be affected, to various extents, by the macro economy. The nature, timing and extent of changes in industry-wide conditions are unpredictable. Any economic slowdown or decrease in general economic activities may result in a decline in construction and industrial activities, which may in turn result in a downturn in activities in our industry. In the event of an industry downturn, unfavorable economic and market conditions may lead to a decline in the demand for our equipment operation services, and an increase in the possibility of our customers' default, which may, in turn, materially and adversely affect our business, financial condition, and results of operations.

In order to hedge against fluctuations in the economic cycle of a single-country market, the Group accelerated its international expansion in 2024. It also sought to achieve hedging, to a certain extent, against the macro economy by diversifying its business footprint geographically. By establishing a global operational network, the Group can keep pace with the demand from markets at varying development stages and leverage cross-region equipment deployments to optimize asset efficiency globally, with a view to boosting the Group's resilience against fluctuations in a single economy.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 6.4 Seasonality Effect

The Group experiences seasonality in its business. As the operating lease services and engineering and technical services are primarily performed on construction sites, our services are affected by seasonal weather conditions. For example, in northern China, we cannot conduct most of our operating lease services in the first quarter of the year due to the extreme cold weather. Further, we may also experience seasonal fluctuation in our revenue and operating income in the first quarter of the year as a result of the Chinese New Year, which in turn, reduces the business activities and labor force in the market. Our financial condition and results of operations for future periods may continue to fluctuate, from time to time, due to seasonality.

## 7. PLEDGE OF ASSETS

As at 31 December 2025, the Group had pledged its property, plant and equipment of RMB6,820,439,000 to non-bank financial institutes in order to secure other borrowings, and used deposits of RMB47,933,000 as collateral for bank borrowings.

## 8. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at 31 December 2025 and 31 December 2024, the Group did not have any material contingent liability, guarantees or any other material litigation or claims outstanding or threatened against the Group that could have a material adverse effect on its business, financial condition or results of operations.

As at the dates indicated, the capital commitments of the Group are as follows:

	31 December 2025	31 December 2024
	RMB'000	RMB'000
Contracted, but not provided for:		
Purchase of plant and machinery	<b>29,980</b>	212,503

## MANAGEMENT DISCUSSION AND ANALYSIS

### 9. MATERIAL INVESTMENTS, ACQUISITIONS OR DISPOSALS

On 8 May 2025, Horizon Construction Development Investment (HongKong) Limited (the “Purchaser”, being a wholly-owned subsidiary of the Company) entered into the share purchase agreement with Mr. Chan Heng Choy (“Mr. Chan”) and Ms. How Mee Cheng (collectively, the “Sellers”), pursuant to which the Purchaser conditionally agreed to purchase and (i) Mr. Chan agreed to sell his 395,000 ordinary shares held in TH Tong Heng Machinery Sdn. Bhd. (the “Target Company”), representing 79% of the total issued share capital of the Target Company; and (ii) Ms. How Mee Cheng agreed to sell her 5,000 ordinary shares held in the Target Company, representing 1% of the total issued share capital of the Target Company (collectively, the “Sale Shares”), for the consideration in cash (subject to adjustment), the indicative total amount of which is MYR176,000,000 (equivalent to approximately RMB299,294,278, based on the approximate exchange rate of the RMB central parity of MYR1.00 to RMB1.7005 published by the People’s Bank of China on 8 May 2025) (the “Acquisition”). Upon completion of the transactions contemplated under the share purchase agreement, the Target Company and TGCore Trading Sdn. Bhd. (“TGCore”, a company controlled by the family of Mr. Chan, being a trading company necessary for the Target Company’s business operations, which is then being acquired by the Target Company) (collectively, the “Target Group Companies”) will become subsidiaries of the Company.

On the same date, the Purchaser entered into the shareholders’ agreement with Mr. Chan, being the remaining sole shareholder of the Target Company after the completion, and the Target Company to regulate the affairs of the Target Company and the respective rights, duties, covenants, and obligations of the Purchaser and Mr. Chan, as shareholders of the Target Company, pursuant to which, (i) Mr. Chan shall grant the call options to the Purchaser for it to purchase 20% of the remaining issued share capital of the Target Company (the “Option Shares”), and (ii) the Purchaser shall grant the put options to Mr. Chan for him to require the Purchaser to purchase the option shares. The shareholders’ agreement will come into effect on the completion date.

Pursuant to Rule 14.74(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), as the exercise of each of the put options is not at the Group’s discretion, the put options will be classified as if they had been exercised (with reference to the highest possible monetary value) upon the grant of put options under the shareholders’ agreement. As the Acquisition and the put options were entered into by the Group with the same party and involving the acquisition of the interests in the Target Company, they are required to be aggregated in accordance with Rule 14.22 of the Listing Rules. As the highest applicable percentage ratio in respect of the transactions contemplated under the share purchase agreement and the put options, on an aggregated basis, exceeds 5% but is less than 25%, such transactions contemplated thereunder constitute discloseable transactions for the Company and are therefore subject to the announcement and reporting requirements, but exempt from shareholders’ approval requirement under Chapter 14 of the Listing Rules.

## MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Rule 14.75(1) of the Listing Rules, as the exercise of each of the call options is at the discretion of the Group, on the grant of the call options, only the premium will be taken into consideration for purpose of classification of notifiable transaction. As the Purchaser did not and will not pay any premium for the call options, the call options are exempt from the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. The Company will comply with all applicable requirements under Chapter 14 of the Listing Rules upon the exercise of the call options by the Group as and when appropriate.

On 30 May 2025, all the conditions precedent to the share purchase agreement had been fulfilled (or waived), and therefore the share purchase agreement had become unconditional. Accordingly, the completion of the acquisition of 80% equity interests in the Target Group Companies had taken place on the same day. On the same day, the Purchaser and Sellers entered into a supplemental letter (the "Supplemental Letter"), pursuant to which, the indicative total amount of the consideration was determined at MYR170,951,092 (equivalent to approximately RMB289,502,273, based on the approximate exchange rate of the RMB central parity of MYR1.00 to RMB1.6935 published by the People's Bank of China on 30 May 2025) after arm's length negotiation between the Purchaser and Sellers.

Pursuant to the Supplemental Letter, the consideration, being the total purchase price for the Sale Shares to be acquired by the Purchaser shall be calculated in accordance with the terms of the share purchase agreement (as supplemented) as follows:

$$\text{Consideration} = \text{Completion Enterprise Value} - \text{Completion Debt} + \text{Completion Cash (+Adjusted Net Working Capital (if it is a positive number)) or (- Adjusted Net Working Capital (if it is a negative number))} \times 80\% + \text{Accrued Ticker} - \text{TGCore Agreed Price}$$

As disclosed in the announcement of the Company dated 30 May 2025 (the "Announcement"), the calculation of accrued ticker was based on the period beginning on 1 January 2025 and ended on 30 May 2025 (the "Accrued Ticker Period") and the indicative initial consideration of MYR168,085,367 at a ticker rate of 6.7% per annum. The amount was calculated based on the indicative initial consideration as adjusted based on the earlier effective time of 31 December 2024 (as opposed to the original closing date) pursuant to the Supplemental Letter. Meanwhile, the prevailing base lending rates of major banks in Malaysia were ranged from 6% to 7%, the calculation of which also considered the locked-box mechanism adopted in the Supplemental Letter and the difference between the Accrued Ticker and the incremental cash generated by the Target Company during the Accrued Ticker Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

As disclosed in the section headed “Reasons for and Benefits of the Entering into the Supplemental Letter” in the Announcement, parties adopted the locked-box mechanism in the Supplemental Letter after arm’s length negotiation, which locked up the equity value of the Target Company in advance based on the balance sheet of the Target Company as at 31 December 2024. Therefore, the value of the Sale Shares, being the value of 80% equity interests of the Target Company, will also be determined based on such earlier effective time. Besides, under the locked-box mechanism, the Purchaser shall be entitled to the profits and losses of the Target Company during the Accrued Ticker Period, while the Sellers no longer enjoy these economic benefits. As a consideration, the Purchaser agreed to pay the accrued ticker to the Sellers according to the Supplemental Letter, which refers to the accumulated interest calculated based on the locked-box equity value. As a result, the accrued ticker was included in the consideration paid by the Company.

In addition, as disclosed in the Announcement, the comparables were selected based on the following criteria: the companies are mainly engaged in equipment rental businesses for construction-related or industrial projects that fall into the asset-heavy and capital-intensive industry. Such companies provide their customers with a cost-effective alternative to buying pricey equipment, and offer flexibility for short-term needs, allowing clients to adjust equipment types required for specific projects, with maintenance and relevant services such as assistance with the operation of equipment included, and keep projects up-to-date with reliable equipment and services. Therefore, in the acquisition and merger transactions in equipment rental industry, the corporate value of the Target Company to earnings before interest, taxes, depreciation and amortization (EV/EBITDA) multiple is generally used as the basis for determining the transaction consideration to avoid the impact of different depreciation methodology, capital expenditure decisions or debt level of the asset-heavy and capital-intensive target company. It can more accurately reflect the cash flow status of the Target Company.

In terms of the comparability, based on the publicly available information on comparable transactions and comparable companies available to the Company through extensive review and taking into account the overall environment of the equipment rental market and the possibility to be affected by factors, including fluctuations in demand, price competition, technological advancement, financing conditions, regulatory requirements and regional market differences (such as the reputation and market position of the Target Group Companies in Malaysia), the Company considered that the selected comparable transactions and companies meet the comparability criteria for the following reasons: (i) given that the acquisition is a transaction conducted by a listed company in the equipment rental industry with a view to acquiring the equity interests of a target company with a leading position in the local market, and considering the industry characteristics referred to above, the selected comparable transactions are more recent precedents in the equipment rental industry; (ii) given that the Target Company is ranked first among local companies in Malaysia in terms of the fleet size of aerial work platforms with the features as disclosed in the Announcement, the Company determined the criteria with reference to such features and selected the comparable companies accordingly. However, such comparables are not the sole basis for the determination of consideration. As disclosed in the section headed “Consideration and the basis of determination” in the Announcement, after arm’s length negotiation, the parties determined the transaction consideration with reference to various factors, including quantifiable factors such as the financial position of the Target Group Companies and non-quantifiable factors such as their future prospects and market condition as mentioned above. In addition, the willingness of the parties to proceed with the transactions and the Company’s bargaining power leveraged by its market position, as well as its strategic development plan in the regional market seeking synergetic investment, are also factors to be considered in determining the consideration.

## MANAGEMENT DISCUSSION AND ANALYSIS

In view of the above, the Directors (including the independent non-executive Directors) are of the view that although the above transactions are not conducted in the ordinary and usual course of business of the Company, they are on normal commercial terms, fair and reasonable, and in the interests of the Company and its shareholders as a whole.

As of the end of the reporting period, the Target Group Companies have become the subsidiaries of the Company.

See the announcements of the Company dated 8 May 2025 and 30 May 2025 as well as the subsection headed “Management Discussion and Analysis – Material Investments, Acquisitions or Disposals” in the 2025 interim report, respectively, for details.

Save as disclosed above, the Group did not have any material investments, acquisitions or disposals of subsidiaries, associates and joint ventures in 2025.

### 10. HUMAN RESOURCES

As at 31 December 2025, the Group had a total of 4,253 employees (2024: 4,929 employees).

#### 10.1 Share Incentive Scheme

With a view to promoting the Group to establish and improve the medium-long term incentive and restriction mechanisms for fully motivating initiative of the management, attracting and retaining the excellent management talents, and effectively integrating the interests of shareholders, the Company and the management to guarantee the long-term, stable and healthy development, the Company, as considered and approved by the board of directors, established an equity incentive plan in 2024, including a restricted share award scheme and a share option scheme. Please refer to the section headed “Directors’ Report – Equity Incentives” for details of the equity incentive plan.

The Company adopted the 2024 restricted share award scheme (the “2024 Restricted Share Award Scheme”) on 12 March 2024 and the 2024 share option scheme (the “2024 Share Option Scheme”) on 4 June 2024. For details of the 2024 Restricted Share Award Scheme, please refer to the announcement of the Company dated 12 March 2024. For details of the 2024 Share Option Scheme, please refer to the announcements of the Company dated 12 March 2024 and 4 June 2024 as well as the circular of the Company dated 2 May 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 10.2 Employee benefits

The Group provides competitive remuneration packages for employees based on their qualifications, capabilities, performance and comparable information on the market, in order to attract, retain and encourage excellent talents. The remuneration packages generally include salary, contributions to pension schemes and discretionary bonuses. The Group also offers training for employees. The Group will regularly review the remuneration packages to reflect market practices and employees' performance.

The Chinese employees of the Group are entitled to participate in several government-regulated housing fund, medical insurance and other social insurance schemes. The Group makes monthly contributions to those funds based on a certain percentage of employees' salaries, subject to certain ceilings. The Group's obligations in respect of these funds are limited to the contributions payable each year. The contributions to the housing fund, medical insurance and other social insurance are expensed when incurred. In accordance with the PRC Labor Law, the Group has made contributions to social insurance (including endowment insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance) and the housing fund for employees. The Group also provides supplemental medical insurance, group accident insurance and employer liability insurance to its employees in addition to those required under the PRC regulations. As at 31 December 2025, the Group complied with all statutory social insurance and housing fund obligations applicable to the Group under the PRC laws in all material aspects.

## 11. EVENTS AFTER THE REPORTING PERIOD

The Group had no significant subsequent events which were required to be disclosed after 31 December 2025 up to the date of this report.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 12. FUTURE PROSPECT

The year 2026 is set to be a pivotal year for the Group as it will make steady progress amidst transformations and seize new opportunities amid challenges. In response to a still complex and volatile external environment, the Group will maintain strategic resolve, adhere to a market-oriented and customer-centric approach, accelerate the adjustment of asset and business structures, deepen strategic upgrades and systemic reforms, and steadfastly advance our “Three + Three + Three” development strategy, with a view to accomplishing our vision of becoming a “first-class global company” and consistently creating long-term value for all stakeholders.

In the domestic market, the Group will continue to promote lean operations, reinforce its development foundation and enhance risk resilience. By pushing forward comprehensive and refined customer management, adopting a hierarchical approach to tap into business potential and delivering solid industry solutions, the Group will dedicate multi-dimensional and collaborative efforts to build a more mature and efficient full-cycle operational system, aiming to elevate service quality and customer satisfaction. Meanwhile, the Group will actively extend its business boundaries, gain deep insights into and address new customer needs, integrate industry resources and build urban ecosystems. This will enable it to provide high-quality solutions to a broader customer base and create sustainable values.

In overseas markets, the Group will steadily expand its global footprint with a focus on scaling profitability and developing localized market penetration. For existing markets, the Group will continue to iterate operational models, implement differentiated asset allocation and resource deployment strategies, and strengthen local operational capabilities to ensure the sound and steady development of overseas businesses. At the same time, it will pay active attention to potential markets, such as Africa, South America and Asia, and carry out systematic assessments and prudent explorations to steadily expand its international business footprint.

Capitalizing on its clear strategies, agile responsiveness and solid execution, the Group will steadily advance the coordinated development of its domestic and international businesses. It will ceaselessly enhance its core competitiveness in the global arena and move toward a new phase of higher-quality development.

## CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 December 2025.

### CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining good corporate governance standards. The Group acknowledges the vital importance of good corporate governance to the Group's success and sustainability. We are committed to achieving a high standard of corporate governance as an essential component of quality and have introduced corporate governance practices appropriate to the conduct and growth of our business.

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

The Company has applied the principles and code provisions as set out in the Corporate Governance Code (the "CG Code", the version up to 30 June 2025) contained in Appendix C1 to the Listing Rules. The amendments to the CG Code effective on 1 July 2025 will apply to the Company's corporate governance reports and annual reports for financial years commencing on or after 1 July 2025.

The Company has complied with the code provisions of the CG Code throughout the accounting period for the year ended 31 December 2025, except for code provision F.2.2 of the CG Code (code provision F.1.3 of the prevailing CG Code) as explained in the paragraph headed "Communication with Shareholders and Investors/Investor Relations" below.

The Company will continue to enhance its corporate governance practices as appropriate to the conduct and growth of its business and to review such practices from time to time to ensure that they comply with the CG Code and align with the latest developments.

### CORPORATE CULTURE

The corporate culture system of the Company is structured with four pillars: corporate mission, corporate vision, FEHORIZON spirit, and talent concept, which integrate with the global cultural values of Horizon Construction Development to form a cohesive and guiding value system. Our corporate mission: Safer and more efficient production and operation for customers. Our corporate vision: To be the trustworthy equipment operation service provider. FEHORIZON spirit: Resolution to seek after truth, rigorous and practical style, idea of renewal and innovation, courage to face difficulties, relentless and constant desire, aspiration and responsibility, heroic and fearless spirit. Talent concept: Strive to create a fair, impartial and open competitive growth platform so that honest, hardworking and dedicated employees can get due rewards and recognition in a clear, pure and clean working environment. The Company adheres to the "Four-Regardless" Talent Concept – Regardless of Age, Regardless of Length of Service, Regardless of Seniority, and Regardless of Educational Background, All Only About Contribution. The global cultural values of Horizon Construction Development are "Client First, Professional & Efficient, Dedicated & Innovative, Integrity & Accountability, Open & Inclusive, and People Oriented".

## CORPORATE GOVERNANCE REPORT

The Company believes that a healthy corporate culture is the core of good corporate governance, and all Directors must act with integrity, lead by example, and promote the Company's corporate culture. The Company pays attention to the communication and promotion of corporate culture, and abides by accountability and review, enabling all management and employees to understand the core value of corporate culture and proper behavior, as well as continually reinforcing across the organization values of acting lawfully, ethically and responsibly. The Company has incorporated the publicity of corporate culture into various employee training materials, work reporting procedures, topic discussions and other aspects, formulated and strengthened the employee code of conduct and talent management system, strengthened and improved the communication mechanism between management and employees, and found out the employees' recognition to the corporate culture or issues identified through various channels.

The Company has formulated anti-corruption and whistleblowing policies and code of conduct to ensure continuous compliance with anti-corruption policies and regulations. Employees are encouraged to report corruption, bribery, fraud and unethical behavior. The Company also enhances publicity on anti-corruption and whistleblowing policies in daily employee training.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its code of conduct regarding dealings in securities of the Company by its Directors and relevant employees.

Having made specific enquiry of all Directors, the Directors confirmed that they have complied with the Model Code throughout the year ended 31 December 2025.

## BOARD OF DIRECTORS

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

The Board has a balance of skills, experience, and diversity of perspectives appropriate to the requirements of the Company's business. The Board regularly reviews the contribution of each Director to fulfill his/her duties to the Company and whether the Directors have devoted sufficient time to fulfilling their duties that are commensurate with their role and board responsibilities. The Board includes a balanced composition of executive Directors and non-executive Directors (including independent non – executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

## CORPORATE GOVERNANCE REPORT

### COMPOSITION OF THE BOARD

The Board currently comprises 11 members, consisting of 2 executive Directors, 5 non-executive Directors and 4 independent non-executive Directors.

The list of all Directors, which also specifies the post(s) held by each Director, is set out in “Corporate Information” on page 4. The list of independent non-executive Directors is disclosed in all corporate communications issued pursuant to the Listing Rules.

For the year ended 31 December 2025 and as at the date of this report, the Board comprised the following Directors:

**Executive Directors:**

Mr. ZHAN Jing (*Chief Executive Officer*)

Mr. TANG Li (*Co-Chief Financial Officer*)

**Non-executive Directors:**

Mr. KONG Fanxing (*Chairman*)

Mr. XU Huibin

Mr. HE Ziming

Mr. YUAN Shaozhen

Ms. GUO Lina

**Independent Non-executive Directors:**

Mr. LIU Jialin (*Lead Independent Non-executive Director*)

Mr. XU Min

Ms. JIN Jinping

Mr. SUM Siu Kei

None of the members of the Board are related to other members of the Board.

## CORPORATE GOVERNANCE REPORT

### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company fully supports the division of responsibilities between the Chairman of the Board and the Chief Executive Officer to ensure a balance of power and authority. The positions of Chairman and Chief Executive Officer are currently held by Mr. KONG Fanxing and Mr. ZHAN Jing, respectively. Their respective responsibilities have been clearly established and set out in writing. The Chairman takes the primary responsibility for providing leadership for the Board in accordance with good corporate governance practices and is responsible for the effective operation of the Board, while the Chief Executive Officer is responsible for the management of the Group's business.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

For the year ended 31 December 2025, the Board has at all times complied with the requirement of Rule 3.10(1) of the Listing Rules, which stipulates that every board of directors of a listed issuer must include at least three independent non-executive directors, the requirement of Rule 3.10(2) of the Listing Rules, which stipulates that at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise, and the requirement of Rule 3.10A of the Listing Rules, which stipulates that independent non-executive directors must account for at least one-third of the board.

According to the Listing Rules and CG Code which took effect on 1 July 2025, the Board has designated Mr. LIU Jialin ("Mr. LIU"), an independent non-executive Director, as the lead independent non-executive Director (the "Lead Independent Non-executive Director") since 9 December 2025. The Lead Independent Non-executive Director will not assume separate or higher level of responsibilities or obligations relative to other independent non-executive Directors. He will serve as a channel of communication to keep Shareholders informed of the actions taken by the independent non-executive Directors in carrying out their duties and responsibilities, and act as an intermediary between Directors and Shareholders to enhance the communication among independent non-executive Directors, between independent non-executive Directors and other members of the Board, and between the Company and Shareholders, especially minority Shareholders. The Lead Independent Non-executive Director is not an executive position within the Company and does not hold any management role within the Group.

The Company has received an annual confirmation in writing from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company has satisfied itself with the independence of all independent non-executive Directors.

## CORPORATE GOVERNANCE REPORT

### BOARD INDEPENDENCE EVALUATION

The Company recognizes the importance of the Board independence to Corporate Governance. In particular, in order to ensure the strong independence of the Board and make ensure that the Board can obtain independent views and opinions, the following mechanisms are required: 1) in assessing the qualification of potential candidates to become independent Directors, the Nomination Committee and the Board will consider, among other things, whether the candidates are able to dedicate sufficient time to fulfill their duties as independent Directors and the candidates' backgrounds and qualifications, in order to assess whether such candidates are able to bring an independent view to the Board; and 2) the Nomination Committee is authorized to assess the independence of all independent non-executive Directors on an annual basis with reference to the independence criteria set out in the Listing Rules so as to ensure that they can continue to exercise independent judgment.

All Directors have full and timely access to all information of the Company and to the advice and services of the company secretary and senior management. Directors are generally entitled to seek independent professional advice on the discharge of their duties to the Company in appropriate circumstances upon request and at our Company's expense.

At the same time, the Company has formulated internal policies (including but not limited to the Company's Articles of Association, the terms of reference of the Remuneration Committee, the Audit Committee and the Nomination Committee) to ensure that the Board is provided with independent views and opinions. For the year ended 31 December 2025, the Company has reviewed the implementation and effectiveness of the above mechanism and is of the view that the above mechanism is able to ensure that the Board is provided with independent views and opinions.

### NON-EXECUTIVE DIRECTORS AND DIRECTORS RE-ELECTION

Code Provision B.2.2 of the CG Code provides that each Director (including those designated for a specific term) shall be subject to retirement by rotation at least once every three years.

Subject to Article 16.2 of the Company's Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director, either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election at that meeting.

Subject to Article 16.3 of the Company's Articles of Association, the Company may from time to time in general meeting by ordinary resolution increase or reduce the number of Directors but so that the number of Directors shall never be less than two. Subject to the provisions of the Company's Articles of Association and the Companies Act, the Company may by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re – election at that meeting.

## CORPORATE GOVERNANCE REPORT

Subject to Article 16.18 of the Company's Articles of Association, at every annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereafter.

The Directors of the Company (including executive Directors, non-executive Directors and independent non-executive Directors) are appointed for a term of three years and shall be subject to retirement by rotation at least once every three years.

### RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board shall assume the responsibility for the leadership and supervision of the Company and shall be jointly responsible for directing and supervising the affairs of the Company.

The Board, directly and indirectly through its committees, leads and guides the management, which includes setting and monitoring the implementation of strategies, overseeing the Group's operations and financial performance to ensure that good internal control and risk management systems are in place.

All Directors (including non-executive Directors and independent non-executive Directors) provide a wide range of business experience, knowledge and expertise for the efficient operation of the Board.

The independent non-executive Directors are responsible for ensuring that the Company has high standards of regulatory reporting and for providing a balancing act to the Board, enabling the Board to exercise effective independent judgment in relation to corporate actions and operations.

All Directors shall ensure that they perform their duties in good faith, comply with applicable laws and regulations and act for the benefit of the Company and its Shareholders at all times.

Directors are required to disclose to the Company details of other positions held by them and the Board regularly reviews the contribution of each Director necessary to fulfill their responsibilities to the Company.

The Board reserves the right to make decisions on all important matters relating to the Company's policy matters, strategy and budget, internal control and risk management, corporate governance, major transactions (in particular those that may involve conflicts of interest), financial information, appointment of Directors and other important operational matters. The responsibilities of executing Board decisions, directing and coordinating the daily operation and management of the Company are delegated to the management.

The Company has put in place appropriate insurance arrangements for its Directors and senior management against legal actions and/or litigation liabilities that may be incurred as a result of the Company's activities.

## CORPORATE GOVERNANCE REPORT

### CONTINUOUS PROFESSIONAL DEVELOPMENT FOR DIRECTORS

The Board should keep abreast of regulatory developments and changes in order to perform its duties effectively and ensure that their contribution to the Board is informed and relevant.

Each new Director will receive a formal, comprehensive and tailor-made induction program upon his/her first appointment to ensure that he/she has a proper understanding of the Company's business and operations and is fully aware of the duties and obligations of a Director under the Listing Rules and relevant statutory requirements.

Directors are expected to engage in appropriate continuous professional development to develop and refresh their knowledge and skills in order to ensure that their contribution to the Board is informed and relevant. Internal circulars for Directors will be arranged and reading materials on relevant topics (where applicable) will be issued to Directors. All Directors are encouraged to attend relevant training courses at the Company's expense.

For the year ended 31 December 2025, all Directors participated in appropriate continuous professional development activities by reading, among other things, regulatory updates and seminar information as well as papers and circulars provided by the Company. As part of the continuous professional development program, arranged and funded by the Company, the Directors are also encouraged to attend various briefings and visits to the management and facilities of the Company to emphasize the roles, functions and responsibilities of the Directors. Details are set out below:

Directors	Reading the relevant material	Attending seminars/ visiting/interviewing key management
<b>Executive Directors</b>		
Mr. ZHAN Jing	✓	✓
Mr. TANG Li	✓	✓
<b>Non-executive Directors</b>		
Mr. KONG Fanxing	✓	✓
Mr. XU Huibin	✓	✓
Mr. HE Ziming	✓	✓
Mr. YUAN Shaozhen	✓	✓
Ms. GUO Lina	✓	✓
<b>Independent Non-executive Directors</b>		
Mr. LIU Jialin	✓	✓
Mr. XU Min	✓	✓
Ms. JIN Jinping	✓	✓
Mr. SUM Siu Kei	✓	✓

## CORPORATE GOVERNANCE REPORT

### BOARD DIVERSITY POLICY AND GENDER DIVERSITY

The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The Board has adopted the board diversity policy (the “Board Diversity Policy”) which sets out the objective and approach to achieve and maintain diversity of our Board for the purpose of ensuring that the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board.

Pursuant to the Board Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural and education background, ethnicity and length of service. The ultimate decision of appointment will be based on merit and the contribution that the selected candidates will bring to our Board. A summary of the Board Diversity Policy is set out as follows:

Purpose:	The Board Diversity Policy (the “Policy”) sets out the approach to Board diversity.
Policy Statement:	<p>The Company recognizes and embraces the benefits of having a diverse Board, and sees diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the perspectives, professional experience, talents, skills, knowledge, cultural and educational background, gender, age, ethnicity, length of service and other qualities of the members of the Board. These differences will be considered in determining the optimal composition of the Board and when possible should be balanced appropriately. All appointments of the members of the Board are made on merits, in the content of perspectives, talents, skills and experience the Board considers valid as a whole.</p> <p>The nomination committee of the Company (the “Nomination Committee”) reviews and assesses the composition of the Board and makes recommendations to the Board on appointment of new Directors of the Company, and oversees the conduct of the annual review of the effectiveness of the Board. The Nomination Committee also develops and maintains the Policy and periodically reviews the effectiveness of the Policy and whether the measurable objectives are achieved and/or should be amended. The Nomination Committee will disclose the Policy (or a summary thereof) and the progress towards achieving the measurable objectives in the Company’s Corporate Governance Report.</p> <p>In reviewing and assessing the composition of the Board, the Nomination Committee will consider the benefits of all aspects of diversity, including without limitation, those described above, in order to maintain an appropriate range and balance of perspectives, talents, skills, experience and background on the Board as a whole.</p>

## CORPORATE GOVERNANCE REPORT

	<p>In recommending candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.</p>
	<p>In overseeing the conduct of the annual review of the effectiveness of the Board, the Nomination Committee will consider the balance of perspectives, talents, skills, experience, independence and knowledge on the Board and the diversity representation of the Board.</p>
Measurable Objectives:	<p>The Nomination Committee will discuss and agree annually all measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. At any given time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.</p>
Review of the Policy:	<p>The Nomination Committee will review the Policy annually, which will include an assessment of the effectiveness of the Policy. The Nomination Committee will discuss any revisions that may be required and recommend any such revisions to the Board for approval.</p>

The Nomination Committee is responsible for ensuring the diversity of the Board members and will review the Board Diversity Policy from time to time to ensure its continued effectiveness.

Currently, the Board consists of eleven members who have accounting or financial expertise, legal professional qualifications, financial investment experience, or experience related to the industry where the Company operates, two of whom are female Directors. The Nomination Committee has reviewed the policy concerning the diversity of Board members and believes that the Board has already had a diverse mix of gender, skills, knowledge and experience. The Company will strive to achieve gender balance of the Board through the following measures to be implemented by the Nomination Committee in accordance with the Board Diversity Policy. We will actively identify female individuals suitably qualified to become the Board members. To further ensure gender diversity of the Board in the long run, the Group will take opportunities to increase the proportion of female members of the Board, identify and select several 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 the Nomination Committee periodically in order to develop a pipeline of potential successors to the Board to promote gender diversity of the Board.

In addition, as at 31 December 2025, female employees accounted for 12.5% of all employees of the Company (including senior management). The Company will adopt measures to maintain gender diversity among all employees (including senior management). The Company plans to offer all-rounded trainings to female employees whom we consider to have the suitable experience, skills and knowledge of our operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance and research and development.

## CORPORATE GOVERNANCE REPORT

### POLICY FOR THE NOMINATION OF DIRECTORS

The Company has adopted policy for the nomination of Directors, which is included in the terms of reference of the Nomination Committee. The Nomination Committee shall develop, review and implement, as appropriate, the policy, criteria and procedures for the identification, selection and nomination of candidates for Directors for the Board's approval; and identify individuals who are suitably qualified to become Directors and select or make recommendations to the Board on the selection of individuals nominated for directorships; and assess the independence of the independent non-executive Directors. A summary of the policy for the nomination of Directors and related nomination procedures is set out as follows:

- (i) To review the structure, size and composition of the Board (including the skills, knowledge, gender, age, cultural and educational background, independence and experience) at least annually, and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy. Make full consideration about the followings before making proposal, to ensure the diversity of the Board: The Board shall be composed of members having accounting or financial expertise, legal professional qualification, financial investment experience or industry experience related to the Company;
- (ii) To review the policy for the diversity of the Board and the measurable objectives that the Board has set for implementing such policy and the progress on achieving the objectives, as appropriate;
- (iii) To develop, review and implement, as appropriate, the policy, criteria and procedures for the identification, selection and nomination of candidates for directorship for the Board's approval;
- (iv) To identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- (v) To assess the independence of independent non-executive Directors;
- (vi) To evaluate the performance of Directors, and make recommendations to the Board on the appointment or re – appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive;
- (vii) Other matters required by laws, administrative regulations, rules, and the securities regulatory authorities of the jurisdictions where the shares of the Company are listed, and as may be authorized by the Board.

## CORPORATE GOVERNANCE REPORT

### BOARD COMMITTEES

The Board has established four committees, namely the Audit Committee, the Nomination Committee, the Remuneration Committee and the Environmental, Social and Governance Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Environmental, Social and Governance Committee are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

The majority of the members of each Board committee are independent non-executive Directors or non-executive Directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" on page 4.

### AUDIT COMMITTEE

The Audit Committee comprises three members, all of whom are independent non-executive Directors, namely, Mr. XU Min (Chairman of the Committee), Mr. SUM Siu Kei, and Ms. JIN Jinping. Mr. XU Min possesses the appropriate accounting or related financial management expertise pursuant to Rule 3.10(2) and Rule 3.21 of the Listing Rules.

The primary duties of the Audit Committee include, but are not limited to, the following:

- To review the financial information
- To review the relationship with the external auditors
- To review financial reporting system, risk management and internal control system
- To review the annual budget and final accounts

The Audit Committee is also responsible for performing the corporate governance duties which are set out under "Corporate Governance" on page 79.

The Audit Committee held four meetings during the year ended 31 December 2025 to review the financial results and reports, financial reporting and compliance procedures, scope of work and appointment of external auditors and other related matters. The attendance records of the Audit Committee are set out under "Attendance Record of Directors and Committee Members" on pages 75 to 76.

The Audit Committee also met the external auditors four times without the presence of the executive Directors.

The Company's annual results for the year ended 31 December 2025 have been reviewed by the Audit Committee.

## CORPORATE GOVERNANCE REPORT

### REMUNERATION COMMITTEE

The Remuneration Committee consists of three members, including two independent non-executive Directors (namely, Ms. JIN Jinping (Chairwoman) and Mr. LIU Jialin), and one non-executive Director (namely, Ms. GUO Lina). The majority of them are independent non-executive Directors.

The primary duties of the Remuneration Committee include, but are not limited to, the following:

- make recommendations to the Board on the policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy
- review and approve the management's remuneration proposals with reference to the corporate goals and objectives stated by the Board
- make recommendations on the remuneration packages of individual executive Directors and senior management to the Board
- make recommendations to the Board on the remuneration of non-executive Directors

The Remuneration Committee held a meeting during the year ended 31 December 2025 to make recommendations to the Board on the Company's remuneration policy and structure, remuneration packages of executive Directors and senior management, and other related matters including matters regarding share schemes as set out in Chapter 17 of the Listing Rules. The attendance records of the Remuneration Committee are set out under "Attendance Record of Directors and Committee Members" on pages 75 to 76.

During the year ended 31 December 2025, the Remuneration Committee approved matters relating to the grant of share options and Restricted Shares under the first batch of the second share incentive schemes (including the 2024 Share Option Scheme and 2024 Restricted Share Award Scheme) in May 2025, and then submitted them to the Board for approval in June 2025. The Board authorized the administration committee to operate, manage and implement the share incentive schemes to review and approve the list of grantees under the 2024 Share Option Scheme and the 2024 Restricted Share Award Scheme, and reviewed and approved the announcement in relation to the grant of share options under the 2024 Share Option Scheme in July 2025. Save as disclosed above, there were no other material matters relating to the 2024 Share Option Scheme and the 2024 Restricted Share Award Scheme that were required to be reviewed for approval by the Remuneration Committee during the reporting period in accordance with Rule 17.07A of the Listing Rules.

## CORPORATE GOVERNANCE REPORT

### NOMINATION COMMITTEE

The Nomination Committee consists of three members, including two independent non-executive Directors (namely, Ms. JIN Jinping (Chairwoman) and Mr. LIU Jialin), and one non-executive Director (namely, Mr. XU Huibin). The majority of them are independent non-executive Directors.

The primary duties of the Nomination Committee include, but are not limited to, the following:

- review the structure, size and composition of the Board at least annually, to ensure the diversity of the Board
- review the diversity policy of the Board and the measurable objectives that the Board has set for implementing such policy and the progress of achieving the objectives, as appropriate
- assess the independence of independent non-executive Directors
- assess the performance of Directors, and make recommendations to the Board on the appointment or re-appointment of Directors and succession planning of Directors
- assess the time commitment and contribution of the Directors to the Board, as well as their ability to discharge their duties effectively

The criteria adopted by the Nomination Committee in considering whether the relevant personnel are suitable to be Directors include their character, qualifications, experience, expertise and knowledge, as well as provisions of the Listing Rules. 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 of the Company, including but not limited to views, professional experience, talents, skills, knowledge, cultural and educational background, gender, age, ethnicity, length of service and other qualities, and would make full consideration about the diversity of the Board before making proposal, to ensure that the Board shall be composed of members having accounting or financial expertise, legal professional qualification, financial investment experience or industry experience related to the Company. The Nomination Committee would identify personnel suitably qualified for election as Directors and select or make recommendations to the Board on the selection of relevant personnel for nomination as Directors.

During the year ended 31 December 2025, the Nomination Committee did not hold any meeting.

## CORPORATE GOVERNANCE REPORT

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

The Environmental, Social and Governance (“ESG”) Committee consists of three members, namely, Mr. SUM Siu Kei (an independent non-executive Director and chairman of the Committee), Mr. XU Min (an independent non-executive Director) and Mr. HE Ziming (a non-executive Director). The majority of them are independent non-executive Directors.

The primary function of the Environmental, Social and Governance Committee is to direct, review and monitor the environmental, social and governance policies and practices of the Company to improve the governance structure of the Company and strengthen the decision-making function of the Board with respect to environmental, social and governance matters.

During the year ended 31 December 2025, the Environmental, Social and Governance Committee did not hold any meeting.

### ATTENDANCE RECORDS OF DIRECTORS AND COMMITTEES

During the year ended 31 December 2025, four regular Board meetings and an extraordinary Board meeting were held, and the four regular Board meetings were held at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

The attendance record of each Director during their tenure of the Board and Board Committee meeting(s) and the general meeting of the Company held during the year ended 31 December 2025 is set out in the table below:

Name of Director	Attendance/Number of Meetings					
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Environmental, Social and Governance Committee	Annual General Meeting
<b>Executive Directors</b>						
Mr. ZHAN Jing	5/5	N/A	N/A	N/A	N/A	1/1
Mr. TANG Li	5/5	N/A	N/A	N/A	N/A	1/1

## CORPORATE GOVERNANCE REPORT

Name of Director	Attendance/Number of Meetings					
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Environmental, Social and Governance Committee	Annual General Meeting
<b>Non-executive Directors</b>						
Mr. KONG Fanxing	5/5	N/A	N/A	N/A	N/A	0/1
Mr. XU Huibin	5/5	N/A	N/A	0/0	N/A	0/1
Mr. HE Ziming	5/5	N/A	N/A	N/A	0/0	0/1
Mr. YUAN Shaozhen	5/5	N/A	N/A	N/A	N/A	0/1
Ms. GUO Lina	5/5	N/A	1/1	N/A	N/A	0/1
<b>Independent Non-executive Directors</b>						
Mr. LIU Jialin	5/5	N/A	1/1	0/0	N/A	0/1
Mr. XU Min	5/5	4/4	N/A	N/A	0/0	0/1
Ms. JIN Jinping	5/5	4/4	1/1	0/0	N/A	0/1
Mr. SUM Siu Kei	5/5	3/4	N/A	N/A	0/0	0/1

Apart from the Board meetings stated above, the Chairman of the Board also held a meeting with the independent non – executive Directors on 31 July 2025 without the presence of other Directors.

## CORPORATE GOVERNANCE REPORT

### RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Company has established the Environmental, Social and Governance Committee, the Audit Committee and the Internal Audit Department.

The Environmental, Social and Governance Committee is responsible for, among other things, environmental, social and governance risks and opportunities relating to the Company, assessing the effect of such risks or opportunities on the Group, and providing suggestions to the Board regarding the response to risks or opportunities and implement the Company's environmental, social and governance activities in general.

The Audit Committee is responsible for discussing the risk management and internal control systems with the management to ensure that the management has performed its duty to build an effective system, and to conduct research on major investigation findings on risk management and internal control matters, as well as the management's response to these findings on its own initiative or as delegated by the Board. Meanwhile, as for the internal audit function of the Company, the Audit Committee is responsible for ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company, and for discussing and monitoring its effectiveness.

The operation of the Internal Audit Department of the Company is independent from the business operation and management of the Company. It reports directly to the Audit Committee on a regular basis and performs independent audits of the reasonableness, completeness and effectiveness of the operational management and risk controls. There are three segments under the Internal Audit Department, namely Business Audit Department, Overseas Audit Department and Internal Control and Audit Department. The Internal Audit Department sets up work plans and arranges resources to ensure supervision and assessment of the key control aspects, including but not limited to operational monitoring, financial monitoring, compliance monitoring, information security and management duties supervision.

During the course of its audits, the Internal Audit Department is authorized to comprehensively inspect, analyze, evaluate and audit all of the businesses and operational procedures to identify any material issues or risk matters, and to provide advice for improvement and rectification. The Internal Audit Department is also the main communication channel with relevant external regulatory entities, such as courts and public safety bureaus. The Internal Audit Department conducts follow-up audits to monitor the updated status of previously identified issues to ensure corrective and remedial measures have been duly implemented and are enforced. It also evaluates the non-compliance of the risk management policies and procedures by key personnel in the operational process, and may make recommendations to the senior management and the Board to impose certain penalties.

## CORPORATE GOVERNANCE REPORT

The Audit Committee will report to the Board on any issues identified by the Internal Audit Department and make recommendations to the Board in due course. The Board at least annually conducts a review of the effectiveness of the Company and its subsidiaries' internal control systems. Such review covers all material controls, including financial, operational and compliance controls and risk management functions. The Company takes the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission of Hong Kong as the Company's basis of identification of inside information, to ensure the timely report of inside information to the executive Directors and maintain communication with the Board.

Meanwhile, the Company handles and disseminates the inside information according to the related policy of the Company to ensure that the inside information is kept confidential before being approved for dissemination and the relevant information will be released effectively and consistently. The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2025.

The Board, as supported by the Audit Committee as well as the management report, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2025, and no matters of concern were identified in the review and no changes to the relevant systems were implemented by the Company during the year, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and staff qualifications, experiences and relevant resources.

### DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2025.

The Board shall conduct a balanced, clear and understandable assessment in the annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other statutory and regulatory requirements.

The Board is 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. When the Directors are aware of material uncertainties relating to events or conditions that might cast significant doubt upon the Company's ability to continue as a going concern, such uncertainties would be clearly and prominently set out and discussed in detail in this Corporate Governance Report.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report".

Where appropriate, a statement will be submitted by the Audit Committee explaining its recommendation regarding the selection, appointment, resignation or dismissal of external auditors and the reasons why the Board has taken a different view from that of the Audit Committee.

## CORPORATE GOVERNANCE REPORT

### AUDITORS' REMUNERATION

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

Type of services provided by the external auditors	Amount of fees
	RMB'000
Audit services	<b>7,200</b>
Non-audit service	<b>158</b>
<b>Total</b>	<b>7,358</b>

The Group's non-audit service fees mainly comprise of: (i) interim financial statement review service fee amounted to RMB2,000,000; and (ii) service for due diligence on overseas investments amounted to RMB158,000.

### CORPORATE GOVERNANCE

The Audit Committee is responsible for performing the corporate governance duties including:

- (a) to develop and review the Company's policy and practices on corporate governance and make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (e) to review the Company's compliance with the CG Code and its disclosure in the Corporate Governance Report.

The Board has reviewed the Shareholders' Communication Policy on a regular basis to ensure its effectiveness as well as the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Employee Written Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

## CORPORATE GOVERNANCE REPORT

### COMPANY SECRETARY

Mr. CHIU Ming King (“Mr. Chiu”) was appointed as the company secretary of the Company on 28 May 2021, and resigned as the company secretary of the Company on 9 December 2025.

Ms. LI Yee Ching (“Ms. Li”) was appointed as the company secretary of the Company on 9 December 2025.

Ms. Li was nominated by Vistra Corporate Services (HK) Limited, an external service provider, and engaged by the Company as its company secretary. Her primary contact person at the Company is Mr. ZHAN Jing, the current executive Director and chief executive officer of the Company.

Mr. Chiu and Ms. Li have both complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of the relevant professional training during the year.

### SHAREHOLDERS’ RIGHTS

To safeguard Shareholders’ interests and rights, the Company will put forward a separate resolution for each substantially 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 A GENERAL MEETING

Pursuant to Article 12.3 of the Articles of Association of the Company, general meetings shall also be convened on the written requisition of any one or more members of the Company 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 specifying the objects of the meeting and the resolutions to be added to the meeting agenda, and signed by the requisitionist(s), provided that such requisitionist(s) held as at the date of deposit of the requisition not less than one-tenth of the voting rights, on a one vote per share basis, of the issued shares of the Company which as at that date carries the right to vote at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

## CORPORATE GOVERNANCE REPORT

### PUTTING FORWARD PROPOSALS AT GENERAL MEETING

There is no provision in the Memorandum and Articles of Association of the Company empowering Shareholders any rights to make any proposals at an annual general meeting or at an extraordinary general meeting not convened by such Shareholders.

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 may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

### CONTACT DETAILS

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

Address: Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong  
Email: [hcd-ir@fehorizon.com](mailto:hcd-ir@fehorizon.com)  
Attention: Board of Directors

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full names, contact details and identification for the Company to respond. Shareholders' information may be disclosed as required by laws.

### COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATION

The Company considers that effective communication with Shareholders is essential for enhancing investor relation and investors' understanding of the Group's business performance and strategies.

The Company has established a Shareholders' Communication Policy (the "Policy") with the objective of ensuring that the Company's Shareholders and, in appropriate circumstances, ordinary investors, are provided with comprehensive, equal and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile) in a timely manner, in order to enable Shareholders to exercise their powers in an informed manner, and to allow Shareholders and investors to engage actively with the Company. The Policy also sets out multiple key channels to ensure effective and efficient communication with Shareholders and other stakeholders, including but not limited to the Company's financial reports (including interim and annual reports), annual general meetings and other general meetings that may be held, all information disclosed on the website of the Stock Exchange, as well as corporate communications published on the official website of the Company and other publications published on the Company's website.

## CORPORATE GOVERNANCE REPORT

The Company endeavors to maintain an on-going dialogue with Shareholders, in particular, through annual general meetings and other general meetings.

Code Provision F.2.2 of the CG Code (Code Provision F.1.3 of the prevailing CG Code) stipulates that, among others, the chairman of the board should attend the annual general meeting of the listed issuers and shall also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate), or in their absence, another member of the committee, to attend and be available to answer questions at the annual general meeting.

At the annual general meeting of the Company held on 14 April 2025 (the “AGM”), Mr. KONG Fanxing (Chairman of the Board), Mr. XU Min (Chairman of Audit Committee and member of Environmental, Social and Governance Committee), Ms. JIN Jinping (Chairwoman of Nomination Committee and Remuneration Committee and member of Audit Committee), Mr. SUM Siu Kei (Chairman of Environmental, Social and Governance Committee and member of Audit Committee), Mr. XU Huibin (member of Nomination Committee), Mr. HE Ziming (member of Environmental, Social and Governance Committee), Ms. GUO Lina (member of Remuneration Committee) and Mr. LIU Jialin (member of Nomination Committee and Remuneration Committee) were unable to attend due to other work commitments. In order to ensure smooth holding of the AGM, Mr. ZHAN Jing (executive Director and Chief Executive Officer) chaired the AGM and answered questions where necessary.

During the year, the Company also strengthened communication with Shareholders and investors through various channels, such as online and offline shareholder-investor exchange activities, results conferences, non-deal roadshows, participation in various investor forums, which allows investors to have a more comprehensive interpretation and analysis of the Group’s business philosophy and operating conditions. The Company’s corporate website has three languages: English, traditional Chinese and simplified Chinese, and has a section of investor relation, which converges all regulatory announcements, reports and circulars published on the website of the Hong Kong Stock Exchange for Shareholders and investors’ reference, while the other sections of the corporate website provide the latest information on all aspects of the Group’s operations. Through the above communication measures and procedures with investors and Shareholders, the Company has examined and reviewed the effectiveness of the relevant policies on communication with investors and Shareholders during the reporting period and considers that the above policies and measures can safeguard the effective communication between the Company and investors and Shareholders.

During the year, the Company did not make any amendments to the Memorandum and Articles of Association. An up-to-date version of the Company’s Memorandum and Articles of Association is available on the Company’s website and the Stock Exchange’s website.

The Company has adopted a policy on payment of dividends pursuant to code provision F.1.1 of the CG Code (paragraph M of Part 1 of the prevailing CG Code) taking into consideration of various factors including, but not limited to, the Group’s actual and expected financial performance, the level of the Group’s debts to equity ratio, return on equity and financial covenants, general economic conditions, business cycle of the Group’s business, etc. The Company endeavors to maintain a balance between its Shareholders’ interests and the Group’s business operation as well as its long-term development goal.

## CORPORATE GOVERNANCE REPORT

In considering the dividend proposal, the Board will take into account the following factors, including but not limited to:

- The Group's actual and expected financial performance;
- The shareholders' interests;
- The retained earnings and distributable reserves of the Company and each of the members of the Group;
- The level of the Group's debts to equity ratio and financial covenants to which the Group is subject;
- The potential impact on the Group's creditworthiness;
- Any restrictions on payment of dividends that may be imposed by the Group's creditors;
- The Group's expected working capital requirements and capital expenditure requirements under future expansion plans;
- The liquidity position and future commitments at the time of declaration of dividend;
- Taxation considerations;
- Statutory and regulatory restrictions;
- The Group's assessment of future economic and industry cycles, and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- other factors that the Board deems appropriate.

During the year, based on a comprehensive consideration of various factors, the Board has resolved to declare a final dividend of HK\$0.016 per share for the year ended 31 December 2025 (2024: HK\$0.045 per share), which is consistent with the Company's dividend policy.

## DIRECTORS' AND SENIOR MANAGEMENT'S PROFILES

### Mr. KONG Fanxing (孔繁星先生) – Non-executive Director, Chairman of the Board

Mr. KONG Fanxing (孔繁星先生), aged 62, is a non-executive Director and the Chairman of the Board of the Company. Mr. Kong received an EMBA degree from Peking University in March 2005, a master's degree in Economics and a bachelor's degree in Economics from University of International Business and Economics (對外經濟貿易大學) in China in June 1991 and July 1986, respectively.

Mr. KONG has over 31 years of experience in enterprise management. Mr. KONG joined Sinochem Group in August 1991. During the period which Mr. KONG worked for Sinochem Group, he had been the general manager of Sinochem International Engineering Trade Company (中化國際工程貿易公司), the deputy general manager of Sinochem International Industrial Company (中化國際實業公司), the deputy general manager, general manager of Sinochem International Tendering Co., Ltd. (中化國際招標有限責任公司), the deputy chief of the fertilizer division of China National Chemicals Import & Export Corporation (中國化工進出口總公司), the executive deputy general manager of Sinochem International Fertilizer Trading Company (中化國際化肥貿易公司), etc., respectively. In April 2001, he joined International Far Eastern Leasing Co., Ltd. (遠東國際融資租賃有限公司) and has become an executive director and the general manager since then. Mr. KONG has been the President and Chief Executive Officer of Far East Horizon since September 2009, and has been the chairman of the board of Far East Horizon since December 2022. Currently, Mr. KONG is also an executive director and general manager of International Far Eastern Leasing Co., Ltd. (遠東國際融資租賃有限公司), the chairman and general manager of Far East Horizon (Tianjin) Financial Leasing Co., Ltd. (遠東宏信(天津)融資租賃有限公司) and Far East Horizon Leasing (Guangdong) Co., Ltd. (遠東宏信融資租賃(廣東)有限公司), the chairman of Far East Horizon Financial Leasing Co., Ltd. (遠東宏信融資租賃有限公司) and Far East Horizon Inclusive Financial Leasing (Tianjin) Co., Limited (遠東宏信普惠融資租賃(天津)有限公司), the executive director and general manager of Shanghai Donghong Industrial Development Co., Ltd. (上海東泓實業發展有限公司), Donghong Investment Co., Ltd. (東泓投資有限公司) and Yuanhong Investment (Guangdong) Co., Ltd. (遠宏投資(廣東)有限公司), an executive director of Far East Horizon Healthcare Industry Development Co., Ltd. (遠東宏信健康產業發展有限公司) and a director of Far East Horizon Shipping Holdings Co., Ltd. (遠東宏信航運控股有限公司), etc.

## DIRECTORS' AND SENIOR MANAGEMENT'S PROFILES

### Mr. ZHAN Jing (詹靜先生) – Executive Director, Chief Executive Officer

Mr. ZHAN Jing (詹靜先生), aged 51, is an executive Director and the Chief Executive Officer of the Company. Mr. ZHAN graduated from Nanjing Audit University in July 1997 with a bachelor's degree in international finance, and obtained an MBA degree from Peking University in China in July 2004.

Mr. ZHAN has over 21 years of experience in financial leasing. Before he joined International Far Eastern Leasing Co., Ltd. (遠東國際融資租賃有限公司) in June 2004, Mr. ZHAN worked in Nanjing branch of China Citic Bank. From June 2004 to January 2013, Mr. ZHAN worked in International Far Eastern Leasing Co., Ltd. (遠東國際融資租賃有限公司), and served as the project manager of business division III, the assistant to director of business division III and the deputy general manager of business development department. From January 2013 to December 2024, Mr. ZHAN worked in Far East Horizon, and successively served as the general manager of electronic information business division, the general manager of livelihood and consumption business division, the general manager of strategic operations department, the assistant president and the vice president. From October 2019 to August 2020, Mr. ZHAN concurrently served as the general manager of Horizon Education Investment Holding (Shanghai) Co., Ltd. (上海宏信教育投資控股有限公司), the general manager of Shanghai Grand Glory Eco Technology Co., Ltd. (上海宏瑞環保科技有限公司), the general manager of Far East Horizon Shipping Holdings Co., Ltd. (遠東宏信航運控股有限公司), the general manager of Shanghai Zhouji Tongli Asset Management Co., Ltd (上海周濟同歷資產管理有限公司), and the general manager of Hongxin Jinfu (Tianjin) Information Technology Co., Ltd (宏信金服(天津)信息科技有限公司). He has also been a director of Shanghai Hongzuo New Energy Technology Co., Ltd. (上海宏祚新能源科技有限公司) since January 2023. In December 2024, Mr. ZHAN joined the Company and served as an executive Director and the Chief Executive Officer. Currently, Mr. ZHAN is also an executive director and the general manager of Shanghai Horizon Construction Development Co., Ltd. (上海宏信建設發展有限公司), Shanghai Horizon Equipment & Engineering Co., Ltd. (上海宏信設備工程有限公司), Shanghai Hongjin Equipment & Engineering Co., Ltd. (上海宏金設備工程有限公司), Tianjin Horizon Construction Development Investment Co., Ltd. (天津宏信建設投資有限公司) and Tianjin Horizon Construction Development Leasing Co., Ltd. (天津宏信建設租賃有限公司), and a director of Horizon Construction (Hong Kong) Limited, etc.

## DIRECTORS' AND SENIOR MANAGEMENT'S PROFILES

### Mr. TANG Li (唐立先生) – Executive Director, Co-Chief Financial Officer

Mr. TANG Li (唐立先生), aged 45, is an executive Director and the co-chief financial officer of the Company (appointed as the chief financial officer of the Company on 28 May 2021 and served as the co-chief financial officer of the Company since January 2024). Mr. TANG obtained a college diploma with a major in Accounting from Lixin Accounting College (立信會計高等專科學校) (currently known as Shanghai Lixin University of Accounting and Finance (上海立信會計金融學院)) in July 2002, and an undergraduate diploma with a major in Accounting from Tongji University (同濟大學) in January 2007.

Mr. TANG has over 21 years of experience in auditing, accounting and financial management. Mr. TANG worked at Shanghai Shenqiang Investment Co., Ltd. (上海申強投資有限公司) and Capital Dragon City (Shanghai) Commercial Land Co., Ltd. (凱德龍城(上海)商用置業有限公司) prior to joining Far East Horizon in May 2008. From May 2008 to June 2019, Mr. TANG worked at Far East Horizon Limited, where he was primarily responsible for the accounting and financial management and successively served as the accounting assistant of finance department, the accounting manager of finance department, the accounting management manager of finance department, the deputy manager and the assistant to director (in charge of work) of finance department, the financial director of textile system business division, and the financial director of industrial and equipment business division and the senior strategic operation director of industrial and equipment business division. From April 2020 to October 2020, Mr. TANG served as a director of Shanghai Horizon Construction Development Co., Ltd. From January 2015 to March 2021, Mr. TANG also served as the chief financial officer of Guangzhou Kangda Industrial Technology Co., Ltd. (廣州康大工業科技產業有限公司). Mr. TANG has served as a director of Horizon Construction Overseas (Hong Kong) Limited (宏信建發海外(香港)有限公司) during the period from April 2021 to December 2022 and since 20 September 2024. Currently, Mr. TANG is also the chief financial officer of Shanghai Horizon Construction Development Co., Ltd., Tianjin Horizon Equipment Leasing Co., Ltd., Shanghai Horizon Equipment & Engineering Co., Ltd., Guangzhou Hongtu Equipment & Engineering Co., Ltd., Tianjin Horizon Construction Development Investment Co., Ltd., Shanghai Hongjin Equipment & Engineering Co., Ltd., Shanghai Horizon Construction Technology Co., Ltd., Tianjin Horizon Construction Development Leasing Co., Ltd. and Shanghai Horizon Engineering Technology Co., Ltd. and a director of Horizon Construction (Hong Kong) Limited, HORIZON CONSTRUCTION DEVELOPMENT (SINGAPORE) PTE. LTD. and HORIZON CONSTRUCTION OVERSEAS (MALAYSIA) SDN. BHD., etc.

## DIRECTORS' AND SENIOR MANAGEMENT'S PROFILES

### Mr. XU Huibin (徐會斌先生) – Non-executive Director

Mr. XU Huibin (徐會斌先生), whose former name was XU Huibing (徐會兵), aged 54, is a non-executive Director and a member of the Nomination Committee of the Company. Mr. XU obtained a bachelor's degree in engineering with a major in industrial electric automation from University of Science and Technology Beijing (北京科技大學) in the PRC in July 1995, an undergraduate diploma with a major in finance from Zhongnan University of Economics and Law (中南財經政法大學) in the PRC in June 2003, and a master's degree in business administration from Fudan University (復旦大學) in the PRC in June 2005.

Mr. XU has over 16 years of experience in risk control and operation management. From December 2007 to May 2008, Mr. XU worked at International Far Eastern Leasing Co., Ltd. (遠東國際融資租賃有限公司), where he served as the deputy general manager of the construction group and was primarily responsible for business operations and overall risk control. From May 2008 to December 2018, Mr. XU worked at Far East Horizon, where he was primarily responsible for business operations and overall risk control and successively served as the deputy general manager of the construction group, the deputy general manager of business operation center, and the general manager of the business operation center. Mr. XU served as a director of Shanghai Horizon Construction Development Co., Ltd. from March 2020 to March 2021. Mr. XU served as the assistant to the chief executive officer of Far East Horizon Limited from December 2021 to December 2023. He has also been the general manager of strategic center and the vice president of Far East Horizon since December 2018 and December 2023, respectively.

Mr. XU was granted the qualification of mid-level economist (financial economics) by the Ministry of Personnel of the PRC (中華人民共和國人事部) in November 1999 and the qualification of financial risk manager by the Global Association of Risk Professionals in April 2008.

## DIRECTORS' AND SENIOR MANAGEMENT'S PROFILES

### Mr. HE Ziming (何子明先生) – Non-executive Director

Mr. HE Ziming (何子明先生), aged 70, is a non-executive Director and a member of the Environmental, Social and Governance Committee of the Company. Mr. HE has been the executive director and the general manager of Lanjin Stone Decoration Co., Ltd.\* (藍金石材裝飾有限公司), a company principally engaged in the production and sales of stone, since March 1998, the general manager and an executive director of Shanghai Lanjin Construction Machinery Leasing Co., Ltd. (上海藍金建築機械租賃有限公司), a company principally engaged in machinery and leasing, since March 2004, and the consultant of the strategic center of Far East Horizon since January 2020.

Mr. HE has over 25 years of experience in corporate operations management. From May 2013 to December 2018, Mr. HE served as the special consultant to the general manager of the construction group of Far East Horizon, where he was primarily responsible for engineering and construction operations. From December 2018 to December 2019, Mr. HE served as the deputy general manager of Shanghai Zhenjing Industrial Development Co., Ltd. (上海臻璟實業發展有限公司), a company principally engaged in property and consulting, where he was primarily responsible for engineering and construction operation. From July 2013 to December 2018, Mr. HE served as the general manager of Shanghai Hongjin Equipment & Engineering Co., Ltd. Mr. HE served as a director of Shanghai Horizon Construction Development Co., Ltd. from March 2020 to March 2021.

Mr. HE obtained a college diploma with a major in electronics from Shanghai Television University (上海電視大學) (currently known as Shanghai Open University (上海開放大學)) in the PRC in February 1982. Mr. HE was appointed as the vice president of the association of socket-type ringlock scaffold in China (中國承插型盤扣式腳手架品質聯盟), a member of the standards committee (標準委員會) and the vice president of the green development branch concerning China building aluminum alloy formwork (中國建築鋁合金模板綠色發展分會) under China Construction Materials Rental Contractor Association (中國基建物資租賃承包協會) in March 2016, November 2016 and December 2017, respectively. In 2016 and 2017, Mr. HE was awarded as the top ten influential figures in China's construction materials leasing and contracting industry.

## DIRECTORS' AND SENIOR MANAGEMENT'S PROFILES

### Mr. YUAN Shaozhen (袁少震先生) – Non-executive Director

Mr. YUAN Shaozhen (袁少震先生), aged 51, is a non-executive Director of the Company and a senior engineer. Mr. YUAN obtained a bachelor's degree in mechatronics engineering from Guilin Institute of Electronic Engineering (桂林電子工業學院) in the PRC in July 1996 and a master's degree in engineering from Jilin University in the PRC in June 2011.

Mr. YUAN has over 29 years of experience in construction machinery operation and management. He currently serves as the secretary of the Party Committee and the general manager of XCMG Fire-Fighting Safety Equipment Co., Ltd. (徐工消防安全裝備有限公司). From August 1996 to January 2002, Mr. YUAN worked at Xuzhou Heavy Machinery Factory (徐州重型機械廠) as a bench worker, a designer and an on-site engineer successively. From February 2002 to July 2011, Mr. YUAN served successively as the deputy factory director of the fire truck sub-factory, the deputy factory director of the general assembly sub-factory, the factory director and the sixth factory director of Xuzhou Heavy Machinery Co., Ltd. (徐州重型機械有限公司). From July 2011 to January 2016, Mr. YUAN served as the assistant general manager, the general manager of the fire truck business division, and the factory director of the fire truck sub-factory of Xuzhou Heavy Machinery Co., Ltd. (徐州重型機械有限公司). From June 2013 to January 2016, Mr. YUAN also served as the assistant general manager of the hoisting machinery business division of Xuzhou Construction Machinery Group Co., Ltd. (徐州工程機械集團有限公司). From January 2016 to October 2019, Mr. YUAN served as the deputy general manager of XCMG Fire-Fighting Safety Equipment Co., Ltd. (徐工消防安全裝備有限公司). From October 2019 to September 2022, Mr. YUAN served as the general manager of Inner Mongolia Yiji Xugong Special Equipment Co., Ltd. (內蒙古一機徐工特種裝備有限公司). From September 2022 to August 2024, Mr. YUAN served as the secretary of the Party Committee and the general manager of Xuzhou Construction Machinery Co., Ltd. (徐州建機工程機械有限公司), and served as the deputy general manager of the hoisting machinery business division of Xuzhou Construction Machinery Group Co., Ltd. (徐州工程機械集團有限公司) from July 2024 to August 2024. From August 2024, Mr. YUAN has served as the secretary of the Party Committee and the general manager of XCMG Fire-Fighting Safety Equipment Co., Ltd. (徐工消防安全裝備有限公司).

### Ms. GUO Lina (郭麗娜女士) – Non-executive Director

Ms. GUO Lina (郭麗娜女士), aged 48, is a non-executive Director and a member of the Remuneration Committee of the Company. Ms. GUO obtained a bachelor's degree in Economics with a major in International Economics and Trade from Beijing Wuzi University (北京物資學院) in the PRC in July 2000, a master's degree in Human Resources Management from Durham University in the United Kingdom in January 2007, and a master's degree in Applied Psychology from Peking University (北京大學) in the PRC in January 2009.

Ms. GUO has over 17 years of experience in human resources management. From August 2000 to August 2004, Ms. GUO worked for Sinochem International Tendering Co., Ltd. (中化國際招標有限責任公司) (currently known as Sinochem Commerce Co., Ltd. (中化商務有限公司)) as a business manager. From July 2007 to March 2010, Ms. GUO was employed as a human resources consultant by ManpowerGroup (China) Human Resources Co., Ltd. (萬寶盛華人力資源(中國)有限公司). From October 2011 to June 2012, Ms. GUO worked for EDF (China) Investment Co., Ltd. (EDF(中國)投資有限公司) as the head of human resources department. After joining Far East Horizon in June 2012, Ms. GUO has worked there since then, and successively served as the human resources manager, the human resources director of the education group, the director of the integrated operation management center of human resources department and the senior director of cadre management department of human resources department. Ms. GUO has also been a director of Hebei Asset Management Co., Ltd. (河北省資產管理有限公司) from December 2020 to June 2024.

## DIRECTORS' AND SENIOR MANAGEMENT'S PROFILES

### Mr. LIU Jialin (劉嘉凌先生) – Independent Non-executive Director

Mr. LIU Jialin (劉嘉凌先生), aged 63, is an independent non-executive Director and a member of the Nomination Committee and the Remuneration Committee of the Company, and has been designated as the lead independent non-executive Director of the Company in December 2025. From 1992 to 2007, Mr. LIU worked at Morgan Stanley, and served as a member of each of the Corporate Management Committee and Asia Executive Committee, as well as a Managing Director in the Fixed Income Division in Hong Kong. Mr. LIU is the managing director of Cinda International Asset Management Limited (信達國際資產管理有限公司) and the lead independent non-executive director of Far East Horizon. Mr. LIU has 37 years of experience in finance and securities industry.

Mr. LIU also served as an independent non-executive director of Changyou Alliance Group Limited (a company listed on the Stock Exchange, stock code: 1039) from April 2017 to July 2023.

Mr. LIU obtained a bachelor's degree in Science from Peking University and a degree of Master of Science in Physics from Massachusetts Institute of Technology.

### Mr. XU Min – Independent Non-executive Director

Mr. XU Min, aged 62, is an independent non-executive Director, the chairman of the Audit Committee and a member of the Environmental, Social and Governance Committee of the Company. Mr. XU obtained a bachelor's degree in Science with a major in Geography from East China Normal University (華東師範大學) in the PRC in July 1985 and a master's degree in Arts with a major in Urban Geography from the University of Toronto in Canada in March 1989.

Mr. XU has over 27 years of experience in accounting. After joining KPMG ("KPMG") in December 1997, Mr. XU has worked there since then, and was engaged in auditing in KPMG Shanghai; engaged in the M&A financial advisory business in KPMG Shanghai, Hangzhou and Beijing; and became a partner of KPMG China in 2005. From October 2010 to June 2015, Mr. XU acted as the private equity fund leading partner of KPMG China, in charge of the M&A financial advisory business of KPMG's northern region. From April 2015 to September 2018, Mr. XU led the advisory business in M&A and restructuring, strategy, risk management and other areas of KPMG's northern region of China. From April 2015 to July 2020, Mr. XU served as the legal representative of Beijing Branch of KPMG Enterprise Consulting (China) Co., Ltd. (畢馬威企業諮詢(中國)有限公司北京分公司), where he was primarily responsible for corporate operations and management. From May 2018 to September 2020, Mr. XU served as a managing partner of northern China region of KPMG, where he was primarily responsible for market strategy and daily operations management.

Mr. XU was also certified as a chartered accountant by The Institute of Chartered Accountants of Ontario, Canada in December 1996 and a merger and acquisition dealer by the China Mergers and Acquisitions Association (中國併購公會) in February 2015.

## DIRECTORS' AND SENIOR MANAGEMENT'S PROFILES

### Ms. JIN Jinping (金錦萍女士) – Independent Non-executive Director

Ms. JIN Jinping (金錦萍女士), aged 53, is an independent non-executive Director, the chairman of the Nomination Committee and the Remuneration Committee and a member of the Audit Committee of the Company. Ms. JIN obtained a bachelor's degree in Economic Law from Peking University in the PRC in July 1995, a master's degree in Civil and Commercial Law from Peking University in the PRC in July 2001, and a doctorate degree in Civil and Commercial Law from Peking University in the PRC in June 2004.

Ms. JIN has over 26 years of experience in law. Ms. JIN has served as an associate professor of Peking University Law School and director of the Non-profit Organization Law Research Center of the Law School since September 2006. She has served as an independent director of Beijing Orient Zhongke Integration Technology Co., Ltd. (北京東方中科集成科技股份有限公司) (a company listed on the Main Board of the Shenzhen Stock Exchange, stock code: 002819) from July 2018 to June 2024, an independent director of Beijing UCAS Technology Co., Ltd. (北京國科環宇科技股份有限公司) from December 2018 to December 2023, an independent director of China Automotive Engineering Research Institute Co., Ltd. (中國汽車工程研究院股份有限公司) (a company listed on the Main Board of the Shanghai Stock Exchange, stock code: 601965) since January 2020, and an independent non-executive director of Sichuan Kelun-Biotech Biopharmaceutical Co., Ltd. (四川科倫博泰生物醫藥股份有限公司) (a company listed on the Main Board of the Stock Exchange, stock code: 6990) since July 2023.

Ms. JIN also obtained a lawyer qualification granted by the Ministry of Justice of the PRC in June 1997 and higher education teacher qualification granted by the Beijing Municipal Education Commission in December 2008. Ms. JIN has served as a director of the China Red Cross Foundation since September 2016.

### Mr. SUM Siu Kei (岑兆基先生) – Independent Non-executive Director

Mr. SUM Siu Kei (岑兆基先生), aged 49, is an independent non-executive Director, the chairman of the Environmental, Social and Governance Committee and a member of the Audit Committee of the Company. Mr. SUM obtained a bachelor's degree of Science in Mathematics and a master's degree of Philosophy in Mathematics from Hong Kong University of Science and Technology in November 1998 and November 2000, respectively.

Mr. SUM has over 23 years of experience in finance, business management and education. From 2006 to 2008, Mr. SUM was a private portfolio investor. From January 2009 to August 2015, Mr. SUM acted as an investment representative of KGI Hong Kong Limited. From September 2012 to January 2015, Mr. SUM was a visiting lecturer at Hong Kong Community College of The Hong Kong Polytechnic University. Mr. SUM has been the senior programme director and principal lecturer at Institute for China Business (中國商業學院) of the University of Hong Kong (香港大學) since September 2017, where he is mainly responsible for academic and administrative management at the Department of Finance and teaching subjects related to investment, accounting, finance and business management.

Mr. SUM also holds the professional qualification of ESG Planner from the International Council for Sustainable Development.

## DIRECTORS' AND SENIOR MANAGEMENT'S PROFILES

### Mr. DENG Huanan (鄧華南先生) – Co-Chief Financial Officer (up to September 2025)

Mr. DENG Huanan (鄧華南先生), aged 45, was appointed as the co-chief financial officer of the Company in January 2024 and stepped down from the position in September 2025. Mr. DENG obtained a bachelor's degree in Financial Management from Hubei University (湖北大學) in 2001 and a master's degree in Accounting from Fudan University (復旦大學) in 2016. Mr. DENG worked for two listed companies, namely Anhui Conch Cement Company Limited (安徽海螺水泥股份有限公司) (a company listed on both the Main Board of the Shanghai Stock Exchange and the Stock Exchange, stock code on the Shanghai Stock Exchange: 600585, stock code on the Stock Exchange: 0914) and Cathay Biotech Inc. (上海凱賽生物技術股份有限公司) (a company listed on the Main Board of the Shanghai Stock Exchange, stock code: 688065), and joined Far East Horizon in 2009. During his employment with Far East Horizon, Mr. DENG served as the director of the finance department of the Urban Utilities Segment (城市公用事業部), the director of the finance department of Shanghai Horizon Equipment & Engineering Co., Ltd., the director of the finance department of the Infrastructure Construction Segment (建設系統事業部), and the director of the finance department of Guangzhou Kangda Industrial Technology Co., Ltd. (廣州康大工業科技有限公司) and other positions.

Mr. DENG has over 25 years of experience in financial management.

### Mr. SHAN Jianlin (單劍林先生) – Co-Chief Financial Officer

Mr. SHAN Jianlin (單劍林先生), aged 41, is the co-chief financial officer of the Company. Mr. SHAN obtained a bachelor's degree in accounting from the Southwest University of Science and Technology (西南科技大學) in 2007. Before joining the Company, Mr. SHAN successively served as the chief financial officer of Deppon Logistics Co., Ltd. (德邦物流股份有限公司) (a company listed on the Main Board of the Shanghai Stock Exchange, stock code: 603056), and the chief operational officer and chief financial officer of Shanghai Daoen New Energy Automobile Co., Ltd. (上海到恩新能源汽車有限公司). In May 2025, Mr. SHAN joined the Company as the general manager of the financial center, and has been the co-chief financial officer of the Company since September 2025.

Mr. SHAN has over 18 years of experience in financial management.

## DIRECTORS' AND SENIOR MANAGEMENT'S PROFILES

### Mr. SHEN Liang (沈亮先生) – Chief Operational Officer (up to December 2025)

Mr. SHEN Liang (沈亮先生), aged 49, was appointed as the chief operational officer of the Company in December 2023 and stepped down from the position in December 2025. Mr. SHEN obtained a bachelor's degree in investment economics from Jiangxi University of Finance and Economics (江西財經大學) in 1999 and an FMBA from Cheung Kong Graduate School of Business (長江商學院) in 2017. Mr. SHEN worked at Bank of China (中國銀行) and China Chengxin Securities Rating Co., Ltd. (中誠信證券評估有限公司), and joined Far East Horizon in 2007. During the period which he worked for Far East Horizon, Mr. SHEN served as a deputy general manager of the industrial and equipment business division, a deputy general manager of the business operation center and a senior director of the operation center and other positions.

Mr. SHEN has over 26 years of experience in corporate business operations and risk management.

### Mr. YU Guang (虞光先生) – Chief Operational Officer

Mr. YU Guang (虞光先生), aged 39, is the chief operational officer of the Company. Mr. YU obtained a bachelor's degree in economics with a major in international economics and trade and a master's degree in economics with a major in international trade from Zhejiang University (浙江大學) in the PRC in June 2007 and June 2009, respectively. Mr. YU served as the deputy general manager of Shanghai Horizon Construction Development, Guangzhou Hongtu Equipment & Engineering, Tianjin Horizon Equipment Leasing, Shanghai Horizon Equipment & Engineering, Tianjin Horizon Construction Development Investment Co., Ltd., Shanghai Horizon Construction Technology Co., Ltd., Tianjin Horizon Construction Development Leasing Co., Ltd. and Shanghai Horizon Engineering Technology Co., Ltd. from December 2018 to December 2023, and the chief operational officer of the Company from May 2021 to December 2023. From December 2023 to December 2024, Mr. YU worked at Far East Horizon Limited and successively served as the senior director of the executive management department of the operation center and the business management director. In December 2024, Mr. YU rejoined the Company as the general manager of the asset center, and has served as the chief operational officer of the Company since December 2025.

Mr. YU has over 14 years of experience in operations management.

## DIRECTORS' REPORT

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

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal business of the Group is equipment operation service. An analysis of the Group's operational status for the year by business segments is detailed in Note 5 to the financial statements.

As a leading equipment operation service provider in China and a leading global rental company, the Group has built up comprehensive and diversified equipment offerings and strong service capacities, and maintained industry-leading positions in numerous product lines, providing clients with comprehensive and multi-dimensional services covering the full cycle of projects. Leveraging the synergies among its various product lines and diversified service categories, as well as the ever-improving independent R&D innovation and digital operational capabilities, the Group has fostered a diverse, blue chip, loyal and high-quality customer base. The number of our outlets ranked first in China among all equipment operation service providers. The Group has deployed outlets in several overseas markets, thus continuously improving its global service capabilities.

In addition, the Group has consistently adhered to the philosophy of steady and prudent operation in its long-term business operation process, and well understands that the sustainability of business development and growth also relies heavily on the Group's ability to respond to or manage various major risks and uncertainties, such as customer credit risks, inventory risks, accident risks of leased equipment and so forth. The Group has accumulated advanced risk management capability and practical experience in the industry over the past ten years of development, while benefiting from the genes and culture of standardized management from Far East Horizon, the holding company of our Company, the Group values the importance of standardized management and have implemented high standards on risk management and internal control to facilitate our business growth. In the course of overseas expansion, the Group focuses on risk management of local law compliance risk, customer credit risk, labor law compliance risk and other risk in countries where the Group commenced operation. It has also formulated detailed management and control strategies based on local circumstances. In the foreseeable future, the Group believes that the impact of the risks and uncertainties will remain manageable and will not cause any material adverse effect on its long-term healthy development.

### RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2025 are set out in the Consolidated Statement of Profit or Loss on page 134 of this annual report.

The Board recommends the declaration of a final dividend of HK\$0.016 per Share (2024: HK\$0.045 per Share) for the year ended 31 December 2025 to the Shareholders whose names appear on the register of members of the Company on Wednesday, 17 June 2026, subject to approval at the annual general meeting to be held on Tuesday, 9 June 2026 (the "2026 AGM"). The proposed final dividend is expected to be distributed to Shareholders on Thursday, 9 July 2026.

## DIRECTORS' REPORT

### CLOSURE OF SHARE REGISTER

The AGM of the Company is scheduled to be held on Tuesday, 9 June 2026. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 4 June 2026 to Tuesday, 9 June 2026, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. (Hong Kong time) on Wednesday, 3 June 2026, being the last registration date.

The proposed final dividend is subject to Shareholders' approval at the AGM, and is expected to be distributed on Thursday, 9 July 2026. For the purpose of determining the entitlement of the Shareholders to receive the proposed final dividend, the register of members of the Company will be closed from Monday, 15 June 2026 to Wednesday, 17 June 2026, both days inclusive. The record date for determining the entitlement of the Shareholders to the final dividend will be on Wednesday, 17 June 2026. To be eligible to receive the proposed final dividend, all completed transfer forms accompanied by the relevant certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. (Hong Kong time) on Friday, 12 June 2026, being the last registration date.

### RESULTS/BUSINESS REVIEW

The restatement and fair review of the business of the Group for the year ended 31 December 2025, a discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year 2025, and an indication of likely future development in the Group's business, are set out in the "Chairman's Statement", "Chief Executive Officer's Statement", "Management Discussion and Analysis", "Corporate Governance Report" and "Notes to Financial Statements" sections of this annual report. The above sections form a part of the Directors' Report.

### ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group believes that environment, health and safety are indispensable pillars for sustainable business, and is committed to integrating this philosophy into all aspects of daily business operations. In 2025, the Group's business achieved environmentally friendly and safe operation. For a discussion of the Group's environmental policies and performance, please refer to the "Corporate Governance Report" and "Corporate Social Responsibility Report" of this annual report.

### COMPLIANCE WITH LAWS AND REGULATIONS

During the year, to the knowledge of the Directors of the Company, the Group has complied with all the relevant laws and regulations that have a significant impact on the Group.

## DIRECTORS' REPORT

### PROPERTY, PLANT AND EQUIPMENT

The movements in the Group's property, plant and equipment for the year are set out in Note 14 to the financial statements.

### SHARE CAPITAL

As at 31 December 2025, the total issued share capital of the Company was 3,197,244,000 ordinary shares with a par value of US\$0.00002 each. Details of the movements in the share capital of the Company are set out in Note 30 to the financial statements.

### PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any shares of the Company during the year ended 31 December 2025.

### PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Memorandum and Articles of Association of the Company or the relevant laws of the Cayman Islands where the Company is incorporated, under which the Company would be obliged to offer new shares on a pro-rata basis to existing Shareholders.

### RESERVES

Details of the movements in the reserves of the Group and the Company during the year ended 31 December 2025 are set out in the Consolidated Statement of Changes in Equity on pages 138 to 139 of this report and Note 33 to the financial statements respectively.

### DONATIONS

The total amount of charity and other donations made by the Group for the year ended 31 December 2025 amounted to RMB40,000.

### PERMITTED INDEMNITY

Pursuant to the Articles of Association, every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted. The Company has taken out insurance against all losses and liabilities associated with defending any proceedings which may be brought against Directors and other officers of the Company.

## DIRECTORS' REPORT

### DIRECTORS

During the year and as at the date of this annual report, Directors of the Company were as follows:

#### Executive Directors

Mr. ZHAN Jing (*Chief Executive Officer*)

Mr. TANG Li (*Co-Chief Financial Officer*)

#### Non-executive Directors

Mr. KONG Fanxing (*Chairman*)

Mr. XU Huibin

Mr. HE Ziming

Mr. YUAN Shaozhen

Ms. GUO Lina

#### Independent Non-executive Directors

Mr. LIU Jialin (*Lead Independent Non-executive Director*)

Mr. XU Min

Ms. JIN Jinping

Mr. SUM Siu Kei

### BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the directors and senior management are set out on pages 84 to 93 of this annual report.

## DIRECTORS' REPORT

### CHANGES IN DIRECTORS' INFORMATION

During the year, the changes in Directors' information of the Company to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

Name of Director	Details of the change
KONG Fanxing	<p>Ceased to be an executive director of Far East Horizon Industrial Investment (Tianjin) Co., Ltd. (遠東宏信實業投資(天津)有限公司) since 6 February 2025;</p> <p>Ceased to be the general manager of Far East Horizon Financial Leasing Co., Ltd. (遠東宏信融資租賃有限公司) since 30 June 2025;</p> <p>Ceased to be the general manager of Far East Horizon Inclusive Financial Leasing (Tianjin) Co., Limited (遠東宏信普惠融資租賃(天津)有限公司) since 22 December 2025.</p>
ZHAN Jing	<p>Served as the executive director and general manager of Tianjin Horizon Construction Development Investment Co., Ltd. (天津宏信建發投資有限公司) since 9 April 2025;</p> <p>Served as the executive director and general manager of Shanghai Horizon Construction Development Co., Ltd. (上海宏信建設發展有限公司) since 11 April 2025;</p> <p>Served as a director of Horizon Construction (Hong Kong) Limited since 17 April 2025;</p> <p>Served as the executive director and general manager of Shanghai Horizon Equipment &amp; Engineering Co., Ltd. (上海宏信設備工程有限公司) and Shanghai Hongjin Equipment &amp; Engineering Co., Ltd. (上海宏金設備工程有限公司) since 22 April 2025;</p> <p>Served as the executive director and general manager of Tianjin Horizon Construction Development Leasing Co., Ltd. (天津宏信建發租賃有限公司) since 6 May 2025.</p>

### DIRECTORS' SERVICE AGREEMENTS

For the year ended 31 December 2025, none of the Directors had a service agreement with the Company or any of its subsidiaries which cannot be terminated within one year without payment of compensation other than statutory compensation.

The Directors' remuneration is determined with references to Directors' duties and responsibilities, individual performance and the results of the Group.

## DIRECTORS' REPORT

### Executive Directors

Each of the executive Directors has entered into a service agreement with the Company. Either party has the right to give not less than three months' written notice to terminate the service agreement.

The appointment of Mr. TANG Li is for a term of three years commencing from 25 May 2023. Under the service agreements, Mr. TANG Li will not receive any remuneration as an executive Director. For holding other positions with the Company and other members of the Group, Mr. TANG Li will receive an aggregate amount of the annual remuneration of RMB2,386,000 from the Group, and is entitled to a salary and bonus payment, allowance and benefits-in-kind, at the discretion of the Board, and social welfare benefits provided under the relevant PRC laws and regulations.

The appointment of Mr. ZHAN Jing is for a term of three years commencing from 30 December 2024. Under the service agreements, Mr. ZHAN Jing will not receive any remuneration as an executive Director. Mr. ZHAN Jing will receive an annual salary of RMB5,621,000 from the Group for his roles as the Chief Executive Officer of the Company and other positions in other members of the Group, and is also entitled to discretionary bonuses and other allowances and benefits – in-kind, at the discretion of the Board, and social welfare benefits provided under the relevant PRC laws and regulations.

### Non-Executive Directors

Each of the non-executive Directors has entered into a service agreement or an appointment letter with the Company.

Each of the appointments of Mr. KONG Fanxing, Ms. GUO Lina, Mr. XU Huibin and Mr. HE Ziming is for a term of three years commencing from 25 May 2023. Mr. YUAN Shaozhen was appointed as a non-executive Director with a service term of three years commencing from 12 September 2024.

Under the service agreements, no Director's fee shall be made by the Company to each of Mr. KONG Fanxing, Mr. XU Huibin and Ms. GUO Lina. Under the appointment letters, the Company shall pay HK\$420,000 p.a. as Director's fee to Mr. HE Ziming. No Director's fee shall be made by the Company to Mr. YUAN.

### Independent Non-Executive Directors

Each of the independent non-executive Directors has entered into an appointment letter with the Company.

Each of the appointments of Mr. LIU Jialin, Mr. XU Min, Ms. JIN Jinping and Mr. SUM Siu Kei is for a term of three years commencing from 25 May 2023.

Under the appointment letters, the Company shall pay HK\$420,000 p.a. as Director's fee to each of Mr. LIU Jialin, Mr. XU Min, Ms. JIN Jinping and Mr. SUM Siu Kei.

## DIRECTORS' REPORT

### CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence prepared pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers that each of the independent non-executive Directors, namely Mr. LIU Jialin, Mr. XU Min, Ms. JIN Jinping, and Mr. SUM Siu Kei, is independent.

### DIRECTORS' EMOLUMENTS AND SENIOR MANAGEMENT'S EMOLUMENTS

The Company has established the Remuneration Committee in accordance with the CG Code. The Remuneration Committee shall make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy. These remuneration policies shall formulate remuneration incentive plans for Directors and senior management based upon the main scope, duties and importance of the management positions of Directors and senior management and the remuneration levels of relevant positions in other related enterprises; and remuneration incentive plans, mainly including but not limited to remuneration levels and packages, performance evaluation standards (including indicators and target values) and procedures, as well as key proposals and systems on other rewards and punishments.

Details of the remuneration of the Directors and that of the senior management of the Group for the year ended 31 December 2025 are set out in Note 8 and Note 9 to the financial statements of the Group.

### DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at any time during the year or at the end of the year.

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2025, none of the Directors of the Company are interested in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

## DIRECTORS' REPORT

### NON-COMPETITION DEED OF UNDERTAKING

On 12 November 2021, Far East Horizon, the controlling shareholder of the Company, executed an enforceable non – competition deed of undertaking (the “Deed of Undertaking”) in favor of the Company. For details of the Deed of Undertaking, please refer to the section headed “Relationship with Controlling Shareholders-Undertaking from Far East Horizon” in the Prospectus.

The Company has received an annual confirmation letter from Far East Horizon, confirming that Far East Horizon and/ or its associates (excluding the Group) have complied with the undertakings under the Deed of Undertaking during the year ended 31 December 2025. The independent non-executive Directors have conducted an annual review on the compliance and performance of undertakings in the Deed of Undertaking and are satisfied that the undertakings under the Deed of Undertaking have been complied with.

### PENSION SCHEME

In accordance with applicable PRC regulations, the Group has made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees, details of which are set out in Note 2.4 (Summary of Significant Accounting Policies – Employee benefits) to the financial statements.

### MANAGEMENT CONTRACTS

No contracts concerning the management or administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year ended 31 December 2025.

### ARRANGEMENTS FOR THE DIRECTORS TO PURCHASE SHARES OR DEBENTURES

At no time during the year ended 31 December 2025 were there any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, nor were there any such rights exercised by them. Also, there was no arrangement to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries is a party that would enable the Directors to acquire such rights in any other body corporate.

## DIRECTORS' REPORT

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

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

#### (1) Interest in the Company:

Name of Director and chief executive	Capacity/nature of interest	Total number of ordinary Shares <sup>(1)</sup>	Approximate percentage of interest <sup>(2)</sup>
KONG Fanxing	Beneficial owner	8,078,052 (L) <sup>(3)</sup>	0.25%
ZHAN Jing	Beneficial owner	15,928,186(L) <sup>(4)</sup>	0.49%
TANG Li	Beneficial owner	2,682,459(L) <sup>(5)</sup>	0.08%
XU Huibin	Beneficial owner	1,215,290 (L) <sup>(6)</sup>	0.03%
HE Ziming	Beneficial owner	3,030,665(L) <sup>(7)</sup>	0.09%
	Interest in a controlled corporation	102,620,112(L) <sup>(8)</sup>	3.21%
	Interest of spouse	105,449,332(L) <sup>(9)</sup>	3.29%
GUO Lina	Beneficial owner	122,184 (L) <sup>(10)</sup>	0.00%
LIU Jialin	Beneficial owner	27,777 (L) <sup>(11)</sup>	0.00%
	Interest of spouse	27,777 (L) <sup>(11)</sup>	0.00%

## DIRECTORS' REPORT

### Notes:

- (1) The letter "L" denotes the person's long position in the shares of the Company (the "Shares").
- (2) The percentage is calculated on the basis of 3,197,244,000 Shares in issue of the Company as at 31 December 2025.
- (3) These interests include (i) 1,346,342 ordinary Shares of the Company distributed to Mr. KONG Fanxing by the resolution on declaration of special dividend by way of distribution in specie of Shares of the Company considered and approved at the general meeting of Far East Horizon held on 22 December 2023, to the shareholders whose names appear on the register of members of Far East Horizon on the record date, being 3 January 2024 on a pro-rata basis of 1 Share of the Company for every 27 shares held, the certificate of which had been despatched to the shareholders on 16 January 2024; and (ii) 6,731,710 ordinary Shares of the Company distributed to Mr. KONG Fanxing pursuant to the resolution on declaration of special dividend by way of distribution in specie of Shares of the Company considered and approved at the general meeting of Far East Horizon held on 5 June 2024, to the shareholders whose names appear on the register of members of Far East Horizon on the record date, being 14 June 2024 on a pro-rata basis of 10 Shares of the Company for every 54 shares held, the certificate of which had been despatched to the shareholders on 28 June 2024.
- (4) These interests include the 2,420,000 Shares in respect of the share options granted pursuant to the 2024 Share Option Scheme of the Company and the 5,650,000 Shares in respect of the awarded shares granted pursuant to the 2024 Restricted Share Award Scheme of the Company. For the details of the schemes and the share options granted, please refer to the section headed "Incentive Schemes".
- (5) These interests include (i) 8,743 ordinary Shares of the Company distributed to Mr. TANG Li by the resolution on declaration of special dividend by way of distribution in specie of Shares of the Company considered and approved at the general meeting of Far East Horizon held on 22 December 2023, to the shareholders whose names appear on the register of members of Far East Horizon on the record date, being 3 January 2024 on a pro-rata basis of 1 Share of the Company for every 27 shares held, the certificate of which had been despatched to the shareholders on 16 January 2024; (ii) 30,382 ordinary Shares of the Company distributed to Mr. TANG Li pursuant to the resolution on declaration of special dividend by way of distribution in specie of Shares of the Company considered and approved at the general meeting of Far East Horizon held on 5 June 2024, to the shareholders whose names appear on the register of members of Far East Horizon on the record date, being 14 June 2024 on a pro-rata basis of 10 Shares of the Company for every 54 shares held, the certificate of which had been despatched to the shareholders on 28 June 2024; and (iii) the 736,667 Shares in respect of the share options granted pursuant to the 2024 Share Option Scheme of the Company and the 1,706,667 Shares in respect of the awarded shares granted pursuant to the 2024 Restricted Share Award Scheme of the Company. For the details of the schemes and the share options granted, please refer to the section headed "Incentive Schemes".
- (6) These interests include (i) 202,531 ordinary Shares of the Company distributed to Mr. XU Huibin by the resolution on declaration of special dividend by way of distribution in specie of Shares of the Company considered and approved at the general meeting of Far East Horizon held on 22 December 2023, to the shareholders whose names appear on the register of members of Far East Horizon on the record date, being 3 January 2024 on a pro-rata basis of 1 Share of the Company for every 27 shares held, the certificate of which had been despatched to the shareholders on 16 January 2024; and (ii) 1,012,759 ordinary Shares of the Company distributed to Mr. XU Huibin pursuant to the resolution on declaration of special dividend by way of distribution in specie of Shares of the Company considered and approved at the general meeting of Far East Horizon held on 5 June 2024, to the shareholders whose names appear on the register of members of Far East Horizon on the record date, being 14 June 2024 on a pro-rata basis of 10 Shares of the Company for every 54 shares held, the certificate of which had been despatched to the shareholders on 28 June 2024.
- (7) These interests include (i) 44,667, 104,889 and 81,519 ordinary Shares of the Company distributed to Mr. HE Ziming, his spouse, Ms. LIU Lifang and Shanghai Lanjin Stone Decoration Co., Ltd., (上海藍金石材裝飾有限公司) ("Shanghai Lanjin"), a corporation wholly-owned by Mr. HE Ziming respectively by the resolution on declaration of special dividend by way of distribution in specie of Shares of the Company considered and approved at the general meeting of Far East Horizon held on 22 December 2023, to the shareholders whose names appear on the register of members of Far East Horizon on the record date, being 3 January 2024 on a pro-rata basis of 1 Share of the Company for every 27 shares held, the certificate of which had been despatched to the shareholders on 16 January 2024; and (ii) 294,998, 524,443 and 407,593 ordinary Shares of the Company distributed to Mr. HE Ziming and his spouse, Ms. LIU Lifang and Shanghai Lanjin, a corporation wholly-owned by Mr. HE Ziming respectively pursuant to the resolution on declaration of special dividend by way of distribution in specie of Shares of the Company considered and approved at the general meeting of Far East Horizon held on 5 June 2024, to the shareholders whose names appear on the register of members of Far East Horizon on the record date, being 14 June 2024 on a pro-rata basis of 10 Shares of the Company for every 54 shares held, the certificate of which had been despatched to the shareholders on 28 June 2024.
- (8) Farsighted Wit Limited is wholly owned by Tianjin Hongjian Enterprise Management Consulting Center (Limited Partnership) ("Tianjin Hongjian"). The limited partner of Tianjin Hongjian holding more than one-third of partnership interest in Tianjin Hongjian is Tianjin Lanjin Enterprise Management Consulting Center (Limited Partnership) ("Tianjin Lanjin"), which is controlled by Tianjin Hongsheng Leasing Co., Ltd. as a general partner and owned more than one-third of partnership interest by Mr. HE Ziming as a limited partner. In addition, Shanghai Lanjin Stone Decoration Co., Ltd., (上海藍金石材裝飾有限公司) is wholly owned by Mr. HE Ziming. Accordingly, Mr. HE Ziming is deemed to be interested in the 102,620,112 Shares held by Farsighted Wit Limited and Shanghai Lanjin Stone Decoration Co., Ltd., (上海藍金石材裝飾有限公司) for the purpose of Part XV of the SFO.

## DIRECTORS' REPORT

- (9) Ms. LIU Lifang, the spouse of Mr. HE Ziming, holds the Shares through Lanjin Limited, which was incorporated in the British Virgin Islands as an exempted company with limited liability and is wholly owned by Ms. LIU Lifang.
- (10) These interests include (i) 20,364 ordinary Shares of the Company distributed to Ms. GUO Lina by the resolution on declaration of special dividend by way of distribution in specie of Shares of the Company considered and approved at the general meeting of Far East Horizon held on 22 December 2023, to the shareholders whose names appear on the register of members of Far East Horizon on the record date, being 3 January 2024 on a pro-rata basis of 1 Share of the Company for every 27 shares held, the certificate of which had been despatched to the shareholders on 16 January 2024; and (ii) 101,820 ordinary Shares of the Company distributed to Ms. GUO Lina pursuant to the resolution on declaration of special dividend by way of distribution in specie of Shares of the Company considered and approved at the general meeting of Far East Horizon held on 5 June 2024, to the shareholders whose names appear on the register of members of Far East Horizon on the record date, being 14 June 2024 on a pro-rata basis of 10 Shares of the Company for every 54 shares held, the certificate of which had been despatched to the shareholders on 28 June 2024.
- (11) These interests include (i) 4,629 ordinary Shares of the Company distributed to each Mr. LIU Jialin and his spouse, Ms. WU Ke by the resolution on declaration of special dividend by way of distribution in specie of Shares of the Company considered and approved at the general meeting of Far East Horizon held on 22 December 2023, to the shareholders whose names appear on the register of members of Far East Horizon on the record date, being 3 January 2024 on a pro-rata basis of 1 Share of the Company for every 27 shares held, the certificate of which had been despatched to the shareholders on 16 January 2024; and (ii) 23,148 ordinary Shares of the Company distributed to each Mr. LIU Jialin and his spouse, Ms. WU Ke pursuant to the resolution on declaration of special dividend by way of distribution in specie of Shares of the Company considered and approved at the general meeting of Far East Horizon held on 5 June 2024, to the shareholders whose names appear on the register of members of Far East Horizon on the record date, being 14 June 2024 on a pro-rata basis of 10 Shares of the Company for every 54 shares held, the certificate of which had been despatched to the shareholders on 28 June 2024.

### (2) Interest in the shares or underlying shares of associated corporation of the Company:

Name of the Director or chief executive	Name of associated corporation	Nature of interest	Number of Shares/ underlying shares <sup>(1)</sup>	Approximate percentage of interest in shares/ underlying shares of associated corporation <sup>(7)</sup>
KONG Fanxing	Far East Horizon	Beneficial owner	106,866,432(L) <sup>(2)</sup>	2.22%
		Interest in a controlled corporation	868,947,897(L) <sup>(3)</sup>	18.10%
XU Huibin	Far East Horizon	Beneficial owner	16,667,577 (L) <sup>(4)</sup>	0.34%
ZHAN Jing	Far East Horizon	Beneficial owner	16,750,126(L) <sup>(5)</sup>	0.34%
GUO Lina	Far East Horizon	Beneficial owner	1,362,953(L) <sup>(6)</sup>	0.02%
TANG Li	Far East Horizon	Beneficial owner	64 (L)	0.00%
LIU Jialin	Far East Horizon	Beneficial owner	125,000 (L)	0.00%
		Interest of spouse	125,000 (L)	0.00%

## DIRECTORS' REPORT

Notes:

- (1) The letter "L" denotes long position in the shares/underlying shares.
- (2) These interests include Mr. KONG Fanxing's entitlement to receive shares in Far East Horizon pursuant to share schemes of Far East Horizon.
- (3) These interests include 272,237,062 shares held directly by Idea Delicacy Limited, 40,726,000 shares held directly by Powerful Force HK Limited, 159,670,000 shares held directly by Will of Heaven HK Limited, 107,503,000 shares held directly by Swallow Gird HK Limited, 197,945,000 shares held directly by Energon HK Limited and an aggregate of 90,866,835 shares held directly by certain employees of Far East Horizon. All of them had unconditionally, irrevocably and permanently entrusted Idea Prosperous Limited, a company 100% owned by Mr. KONG Fanxing, to exercise the voting rights attached to the Shares.
- (4) These interests include Mr. XU Huibin's entitlement to receive shares in Far East Horizon pursuant to share schemes of Far East Horizon.
- (5) These interests include Mr. ZHAN Jing's entitlement to receive shares in Far East Horizon pursuant to share schemes of Far East Horizon.
- (6) These interests include Ms. GUO Lina's entitlement to receive shares in Far East Horizon pursuant to share schemes of Far East Horizon.
- (7) The percentage is calculated on the basis of 4,799,473,830 shares in issue of Far East Horizon as at 31 December 2025.

Saved as disclosed above, as at 31 December 2025, none of the directors or the 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 Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## DIRECTORS' REPORT

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES

Based on the information available to the directors of the Company, as at 31 December 2025 (including such information as was available on the website of the Stock Exchange) or so far as they are aware of, as at 31 December 2025, other than the directors and chief executives of the Company, the entities or individuals who had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company under section 336 of the SFO or had otherwise notified to the Company were as follows:

Name of the shareholder	Nature of interest	Number of ordinary Shares <sup>(1)</sup>	Approximate percentage of interest <sup>(2)</sup>
Far East Horizon	Beneficial owner	1,333,247,413 (L)	41.70%
	Interest in a controlled corporation	102,130,000 (L) <sup>(3)</sup>	3.19%
Farsighted Wit Limited	Beneficial owner	102,130,000 (L) <sup>(3)</sup>	3.19%
Tianjin Hongsheng Leasing Co., Ltd.	Interest in a controlled corporation	102,130,000 (L) <sup>(3)</sup>	3.19%
Tianjin Hongjian Enterprise Management Consulting Center (Limited Partnership)	Interest in a controlled corporation	102,130,000 (L) <sup>(3)</sup>	3.19%
Tianjin Lanjin Enterprise Management Consulting Center (Limited Partnership)	Interest in a controlled corporation	102,130,000 (L) <sup>(3)</sup>	3.19%
International Far Eastern Leasing Co., Ltd.	Interest in a controlled corporation	102,130,000 (L) <sup>(3)</sup>	3.19%
Far East Horizon (Tianjin) Financial Leasing Co., Ltd.	Interest in a controlled corporation	102,130,000 (L) <sup>(3)</sup>	3.19%

Notes:

(1) The letter "L" denotes the long position in the Shares.

(2) The percentage is calculated on the basis of 3,197,244,000 shares in issue of the Company as at 31 December 2025.

(3) Tianjin Hongsheng Leasing Co., Ltd. is owned as to 100% by Far East Horizon (Tianjin) Financial Leasing Co., Ltd., which is in turn owned as to 55.38% by Far East Horizon and 44.62% by International Far Eastern Leasing Co., Ltd. (a wholly-owned subsidiary of Far East Horizon). Please refer to Note (8) of the section headed "Directors' and Chief Executives' Interests and/or Short Positions in the Shares, Underlying Shares and Debentures of the Company or any of its Associated Corporations – (1) Interest in the Company" for further details of the shareholding structure.

Saved as disclosed above, as at 31 December 2025, the register required to be kept under section 336 of the SFO showed that the Company had not been notified by any person of any interest or short position in the Shares or underlying Shares.

## DIRECTORS' REPORT

### PUBLIC FLOAT

Rule 8.08 (1) of the Listing Rules stipulates that there must be an open market in the securities for which listing is sought.

The Company had applied to the Stock Exchange upon listing, and the Stock Exchange had granted to the Company, a waiver from strict compliance with the minimum public float requirement under Rule 8.08(1) of the Listing Rules (as amended from time to time), provided that the minimum public float of our Company should be the higher of the following: (i) 21.80% of the total issued shares; and (ii) the percentage of shares held by the public immediately following the completion of the global offering. According to the publicly available data of the Company and as far as the Directors are aware, the Directors confirm that the Company has maintained the above minimum public float required by the Stock Exchange as at the date of this report.

### MAJOR CUSTOMERS AND SUPPLIERS

The information of the customers and suppliers of the Group during the year is as follows:

	For the year ended 31 December 2025
	Percentage of the total income (%)
Top five customers	10.3%
The largest customer	3.9%

	For the year ended 31 December 2025
	Percentage of total purchases (%)
Top five suppliers	20.1%
The largest supplier	5.8%

As far as the Directors are aware, none of the Directors, their close associates or any shareholders holding more than 5.00% shares of the Company had any interest in the top five customers or top five suppliers of the Group.

## DIRECTORS' REPORT

### KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHERS

The Company is committed to building harmonious and mutual relationships with employees, customers, suppliers, investors, the government and the whole society and promotes the healthy, sustainable, stable and harmonious development of the industry economy and the whole society through value sharing and supply. The Company regards employees as valuable assets. For details of employees' talent development and remuneration policy, please refer to the section headed "Human Resources" under "Management Discussion and Analysis" of this annual report. The Company upholds the principle of honesty and trustworthiness, strives to provide customers with quality services and creates a reliable service environment for customers. The Company puts emphasis on the selection of suppliers, encourages fair and open competition and establishes long-term cooperation with quality suppliers on the basis of mutual trust. For the year ended 31 December 2025, the Company has had no significant dispute with its employees, customers or suppliers.

### CONNECTED TRANSACTIONS

The Company entered into certain connected transactions, as defined in the Listing Rules, which are subject to the disclosure requirements under Chapter 14A of the Listing Rules. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

### NON-EXEMPT ONE-OFF CONNECTED TRANSACTION

#### Grant of Restricted Shares to Mr. ZHAN Jing

On 8 August 2025 (the "Grant Date"), pursuant to the 2024 Restricted Share Award Scheme Rules, the Board (including all the independent non-executive Directors) has resolved to grant Mr. ZHAN Jing, the executive Director and Chief Executive Officer, 5,650,000 restricted shares, representing approximately 0.18% of the total number of issued Shares of the Company as at the Grant Date. As at the Grant Date, Mr. ZHAN Jing was an executive Director and Chief Executive Officer of the Company, and therefore was a connected person of the Company. As such, the grant of restricted shares constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio for the grant of restricted shares exceeds 0.1% but is less than 5%, the grant of restricted shares is subject to the reporting, announcement and annual review requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The purposes of the Restricted Share Award Scheme are to provide participants with an opportunity to acquire equity interest of the Company, encourage and retain participants to work for the Company, provide additional incentives which motivate them to strive for performance targets, and attract external talents, so as to fulfill the goal of increasing the value of the Company and connect the participants' interests directly to those of the Shareholders of the Company through the ownership of Shares. When assessing whether the grant of restricted shares is fair and reasonable, the Board (including the independent non-executive Directors) has taken into account the role of Mr. ZHAN Jing, his historical performance and contribution for the ongoing operation and long-term development of the Group. The Board is of the view that the grant of restricted shares will recognize Mr. ZHAN Jing's diligence to the business of the Group and will ensure his continuous support and loyalty to the Group in the years to come and motivate him to perform his duties diligently and conscientiously, which is essential to the future development and business expansion of the Group. Having considered the above factors, the Board (including the independent non-executive Directors) is of the view that although the grant of restricted shares is not made in the ordinary and usual course of business of the Group, it is on normal commercial terms, fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

## DIRECTORS' REPORT

The restricted shares granted to Mr. ZHAN Jing represents the value of HK\$7,571,000, taking into account the number of restricted shares granted and the closing price of HK\$1.34 per Share as stated in the daily quotation sheet issued by the Stock Exchange on the date of grant of restricted shares. Mr. ZHAN Jing is not required to pay any subscription price of the restricted shares granted to him.

For details, please refer to the announcement of the Company dated 8 August 2025 in relation to the grant of restricted shares.

## NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

### Office Seats Leasing Agreement with Far East Horizon

On 11 April 2023, the Company entered into an office seats leasing services framework agreement (the "Office Seats Leasing Agreement") with Far East Horizon, pursuant to which Far East Horizon and its associates (the "Far East Horizon Connected Persons") agreed to lease certain office seats to the Group for a term commencing from the Listing Date to 31 December 2025.

The rental to be paid by the Group under the Office Seats Leasing Agreement shall be in line with normal commercial terms and determined on arm's length basis with reference to (i) the number, area, location and lease term of the office seats; and (ii) the prevailing market rates of similar office seats leasing services provided by the Independent Third Parties. The maximum annual rental to be paid by the Group to the Far East Horizon Connected Persons in relation to the Office Seats Leasing Agreement for the year ended 31 December 2025 will not exceed RMB9,564,000. For the year ended 31 December 2025, the annual rental actually paid by the Group to the Far East Horizon Connected Persons is RMB nil.

Far East Horizon is a controlling shareholder of the Company and is therefore a connected person of the Company. The leasing of certain office seats by the Group from the Far East Horizon Connected Persons under the Office Seats Leasing Agreement constitutes a continuing connected transaction of the Company. As the highest applicable percentage ratio in respect of the annual caps of the Office Seats Leasing Agreement is more than 0.1% but less than 5%, the transactions contemplated under the Office Seats Leasing Agreement are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

For details, please refer to the section headed "Connected Transactions – Our Continuing Connected Transactions – (B) Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements but Exempt from the Independent Shareholders' Approval Requirement – 1. Office Seats Leasing Agreement" in the Prospectus.

## DIRECTORS' REPORT

### Construction and Decoration Services Agreement with Far East Horizon

On 11 April 2023, our Company entered into a construction and decoration services framework agreement (the "Construction and Decoration Services Agreement") with Far East Horizon, pursuant to which the Far East Horizon Connected Persons agreed to provide construction and decoration services, including but not limited to indoor and outdoor decoration such as plant decoration, water supply and drainage construction, electrical engineering, smart light current engineering system construction and maintenance, outdoor waterscape construction and secondary fire protection engineering services, to our Group from the Listing Date to 31 December 2025.

The service fees to be paid by our Group under the Construction and Decoration Services Agreement shall be in line with normal commercial terms and determined on arm's length basis with reference to (i) the status, complexity and construction period of each project, and the type, market price and costs of construction and decoration raw materials; and (ii) the prevailing market rates of comparable construction and decoration services provided by the Independent Third Parties. For the Construction and Decoration Services Agreement, the maximum total annual service fees to be paid by our Group to the Far East Horizon Connected Persons for construction and decoration services for the year ended 31 December 2025 shall not exceed RMB75,000. For the year ended 31 December 2025, the total service fees actually paid by the Group to the Far East Horizon Connected Persons for construction and decoration services were RMB nil.

Far East Horizon is a controlling shareholder of the Company and is therefore a connected person of the Company. The provision of construction and decoration services by the Far East Horizon Connected Persons to the Group pursuant to the Construction and Decoration Services Agreement constitutes a continuing connected transaction of the Company. As the highest applicable percentage ratio in respect of the annual caps of the Construction and Decoration Services Agreement is more than 0.1% but less than 5%, the transactions contemplated under the Construction and Decoration Services Agreement are subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

For details, please refer to the section headed "Connected Transactions – Our Continuing Connected Transactions – (B) Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements but Exempt from the Independent Shareholders' Approval Requirement – 2. Construction and Decoration Services Agreement" of the Prospectus.

### Material Procurement Agreement with Shangyu Boteng

On 11 April 2023, our Company entered into a materials procurement framework agreement (the "Materials Procurement Agreement") with Shaoxing Shangyu Boteng Metal Products Co., Ltd. ("Shangyu Boteng"), pursuant to which our Group agreed to purchase certain materials, including but not limited to connection accessories of ringlock scaffolds, from Shangyu Boteng and its associates during the period from the Listing Date to 31 December 2025.

The amount paid by our Group under the Materials Procurement Agreement shall be in line with normal commercial terms and determined on arm's length basis with reference to (i) the specification, model, unit price, type and quality of the materials; and (ii) the prevailing market rates of similar materials provided by the Independent Third Parties. The maximum annual procurement costs to be paid by the Group to Shangyu Boteng and its associates in relation to the Materials Procurement Agreement for the year ended 31 December 2025 will not exceed RMB165,600,000. For the year ended 31 December 2025, the procurement costs actually paid by the Group to Shangyu Boteng and its associates are approximately RMB10,111,000.

## DIRECTORS' REPORT

Shangyu Boteng is an associate of Mr. HE Ziming, and is therefore a connected person of the Company. As at the latest practicable date of the Prospectus, Shangyu Boteng was owned as to 98% by Mr. HE Mengguang, a brother of Mr. HE Ziming, and 2% by Mr. DONG Yuejin. To the best knowledge of our Directors, Mr. DONG Yuejin is Mr. HE Ziming's cousin, therefore the Group's procurement of certain materials from Shangyu Boteng and its associates under the Materials Procurement Agreement constitutes a continuing connected transaction of the Company. As the highest applicable percentage ratio in respect of the annual caps of the Materials Procurement Agreement is more than 0.1% but less than 5%, the transactions contemplated under the Materials Procurement Agreement are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

For details, please refer to the section headed "Connected Transactions—Our Continuing Connected Transactions—(B) Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements but Exempt from the Independent Shareholders' Approval Requirement—3. Materials Procurement Agreement" in the Prospectus.

### Financing Lease Agreement with Far East Horizon

On 11 April 2023, the Company entered into a financial leasing services framework agreement (the "Financial Leasing Agreement") with Far East Horizon, pursuant to which the Far East Horizon Connected Persons agreed to provide financing lease services to our Group from the Listing Date up to 31 December 2025, including direct leasing and sale-leaseback of equipment and/or materials.

The amounts to be paid by our Group under the Financial Leasing Agreement shall be in line with normal commercial terms and determined on arm's length basis with reference to (i) the expected financing needs of our Group; (ii) the prevailing market rates of similar financial leasing services provided by the Independent Third Parties; and (iii) the benchmark leasing rates published by People's Bank of China from time to time or the rates charged by the major financial service providers for similar financial leasing services. As for the Financial Leasing Agreement, the annual maximum transaction amounts of our Group's equipment and/or materials that were under direct leasing transactions and sale-leaseback transactions with the Far East Horizon Connected Persons for the year ended 31 December 2025 shall not exceed RMB55,311,000 and RMB906,115,000, respectively. For the year ended 31 December 2025, the actual transaction amounts of our Group's equipment and/or materials that were under direct leasing transactions and sale-leaseback transactions with the Far East Horizon Connected Persons were RMB nil and RMB nil, respectively.

Far East Horizon is a controlling shareholder of the Company and is therefore a connected person of the Company. The financing lease services provided by Far East Horizon Connected Persons to our Group under the Financing Lease Agreement constitute continuing connected transactions of the Company. As the highest applicable percentage ratio in respect of the annual caps of the Financial Leasing Agreement is more than 5%, the transactions contemplated under the Financial Leasing Agreement are subject to the reporting, annual review, announcement and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

For details, please refer to the section headed "Connected Transactions – Our Continuing Connected Transactions – (C) Continuing Connected Transactions Subject to the Reporting, Annual Review, Announcement and the Independent Shareholders' Approval Requirements – 1. Financial Leasing Agreement" in the Prospectus.

## DIRECTORS' REPORT

### Referable Amount Framework Agreement with Teeroy Limited and CDHorizon Employee Incentive (CP) Limited

Immediately following the grant of restricted shares by the Company pursuant to the 2024 Restricted Share Award Scheme on 8 July 2024, the aggregate interest of connected persons of the Company in the Trust exceeded 30%. As such, Teeroy Limited, being the trustee (the "Trustee"), and its wholly-owned subsidiary, namely CDHorizon Employee Incentive (CP) Limited (the "BVI Holding Company"), became associates of connected persons of the Company. The Company's payments to BVI Holding Company designated by the Trustee for purchasing Restricted Shares in the open market constitute connected transactions of the Company. Given that the Company may make payments to BVI Holding Company during the financial period ending 31 December 2024 to 2026 for purchasing Shares to satisfy the vesting of the restricted shares under the Restricted Share Award Scheme, the Company entered into a referable amount framework agreement (the "Referable Amount Framework Agreement") with the Trustee and BVI Holding Company on 8 August 2024, pursuant to which, the Company agreed that the relevant payments shall be made by the Company or via the person designated by the Company (including a subsidiary of the Company) with its own funds to BVI Holding Company for purchasing Shares in the open market from 8 August 2024 until 31 December 2026 (the "Agreement Term"). The restricted shares under the Restricted Share Award Scheme will be held by BVI Holding Company on behalf of the grantees in form of trust of the Company or the person designated by the Company (including a subsidiary of the Company) until such restricted shares are vested to the grantees in accordance with the Restricted Share Award Scheme.

The payments made by the Company or via the person designated by the Company (including a subsidiary of the Company) with its own funds to BVI Holding Company for each financial year ending 31 December during the Agreement Term shall not exceed HK\$90 million. As the highest applicable percentage ratio of the proposed annual caps under the Referable Amount Framework Agreement exceeds 0.1% but is less than 5%, the Referable Amount Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. The actual payment made by the Company or via the person designated by the Company (including a subsidiary of the Company) with its own funds to BVI Holding Company for purchasing Restricted Shares in the open market amounted to approximately HK\$ nil, equivalent to approximately RMB nil at an exchange rate of HK\$1 = RMB0.9032 published by The People's Bank of China on 31 December 2025 (the actual payment was made in HK dollar, and the conversion of RMB was adopted for illustration purpose only), during the period ended 31 December 2025.

For details, please refer to the announcement of the Company dated 8 August 2024 in relation to the entering into of the Referable Amount Framework Agreement.

## DIRECTORS' REPORT

### Cooperation Framework Agreement with Far East Horizon

On 8 May 2025, the Company and Far East Horizon entered into the cooperation framework agreement (the "Cooperation Framework Agreement"), pursuant to which the Group agreed to provide Far East Horizon and/or its associates, excluding the Group (the "Far East Horizon Connected Persons") with engineering and technical services and equipment operating lease services and the Far East Horizon Connected Persons agreed to provide the Group with advisory services for the period from 8 May 2025 to 31 December 2027.

The fees receivable by the Group from the Far East Horizon Connected Persons for the provision of engineering and technical services and equipment operating lease services under the Cooperation Framework Agreement shall be in line with normal commercial terms and agreed at arm's length negotiation between the parties in the following order: (i) the prices prescribed or authorized by the regulatory authority of the country or region where the services are provided; (ii) the reasonable prices under industry guidelines or self-regulation; (iii) in the absence of the foregoing, the price shall be the comparable local market prices; (iv) in the absence of comparable local market prices, the price shall be the presumptive prices (the presumptive price is the price consisting of actual costs, which are determined in accordance with the relevant accounting standards applicable from time to time, plus a certain profit margin at that time; (v) if the above price determination methods are not applicable, the price shall be negotiated after the parties consider relevant factors carefully.

The fees payable by the Group to the Far East Horizon Connected Persons for the provision of advisory services under the Cooperation Framework Agreement shall be in line with normal commercial terms and agreed at arm's length negotiation between the parties in the following order: (i) comparable local market prices for transactions of the same type or similar transactions; (ii) in the absence of comparable local market prices, the price shall be the presumptive prices (the presumptive price is the price consisting of actual costs, which are determined in accordance with the relevant accounting standards applicable from time to time, plus a certain profit margin at that time); (iii) if the above price determination methods are not applicable, the price shall be negotiated after the parties consider relevant factors carefully.

The fees receivable by the Group from the Far East Horizon Connected Persons for the provision of engineering and technical services and equipment operating lease services shall not exceed RMB141 million and the fees payable by the Group to the Far East Horizon Connected Persons for the provision of advisory services shall not exceed RMB25 million for each financial year ending 31 December during the term of the Agreement. For the year ended 31 December 2025, the actual transaction amounts (i) received by the Group from the Far East Horizon Connected Persons for the provision of engineering and technical services and equipment operating lease amounted to RMB25,636,000, and (ii) paid by the Group to the Far East Horizon Connected Persons for the provision of advisory services amounted to RMB nil.

Far East Horizon is a controlling shareholder of the Company and is therefore a connected person of the Company. The financing lease services provided by Far East Horizon Connected Persons to our Group under the Financing Lease Agreement constitute continuing connected transactions of the Company. As the highest applicable percentage ratio in respect of the annual caps of the Financial Leasing Agreement is more than 5%, the transactions contemplated under the Financial Leasing Agreement are subject to the reporting, annual review, announcement and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## DIRECTORS' REPORT

For details, please refer to the announcement of the Company dated 8 May 2025 in relation to entering into Cooperation Framework Agreement, as well as the section headed "Other Information-Entering into Cooperation Framework Agreement with Far East Horizon" in the 2025 interim report.

Details of related party transactions of the Company for the year ended 31 December 2025 are set out in Note 39 to the consolidated financial statements. Save as the related party transactions as set out under item (1) (excluding the transactions therein with International Far Eastern Leasing Co., Ltd. and Shanghai Yijia Construction Development Co., Ltd.) and item (2) (excluding the transactions therein with Hangzhou Hongqian Urban Development and Construction Co., Ltd., Suzhou Hongxiang Urban Construction and Development Co., Ltd., Hangzhou Hongyue Urban Development and Construction Co., Ltd. and Shanghai Yijia Construction Development Co., Ltd.), all the related party transactions as set out under Note 39 constitute connected transactions of the Company under Chapter 14A of the Listing Rules. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of all such connected transactions.

## CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to Rule 14A.55 of the Listing Rules, the continuing connected transactions set out above have been reviewed by the independent non-executive directors, who confirmed that the aforesaid continuing connected transactions were entered into:

- (a) in the ordinary and usual course of business of the Group;
- (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and
- (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

## CONFIRMATION OF THE AUDITOR

Pursuant to Rule 14A.56 of the Listing Rules, the Board has received a letter from the auditor of the Company, confirming that the continuing connected transactions set out above:

- (a) have received the approval of the Board;
- (b) have been entered into in accordance with the pricing policies of the Group;
- (c) have been entered into in accordance with the relevant agreements governing the transactions; and
- (d) have not exceeded the relevant annual caps for the financial year ended 31 December 2025.

## DIRECTORS' REPORT

### INCENTIVE SCHEMES

The Company adopted the 2024 Restricted Share Award Scheme on 12 March 2024, and adopted the 2024 Share Option Scheme on 4 June 2024. For details of the 2024 Restricted Share Award Scheme, please refer to the announcement of the Company dated 12 March 2024. For details of the 2024 Share Option Scheme, please refer to the announcements of the Company dated 12 March 2024 and 4 June 2024 and the circular of the Company dated 2 May 2024.

#### 2024 Share Option Scheme

The purposes of the 2024 Share Option Scheme are to reward the participants for their contribution to the Company and to encourage the participants to continue their efforts towards enhancing the value of the Company and its Shares in the interests of the Company and all its Shareholders as a whole. Participants who meet the conditions of participation as set out in the Listing Rules and the 2024 Share Option Scheme Rules, specifically include the directors, senior management, middle management and other key employees of the Company and/or the subsidiaries of the Company who meet the conditions of participation as set out in the Listing Rules and the 2024 Share Option Scheme. The qualification of the selected participants shall be determined by the Board or the administration committee of the scheme at its sole discretion based on their contributions to the Company or any of its subsidiaries. The 2024 Share Option Scheme will remain in force for a period of 10 years commencing 4 June 2024 (i.e. the adoption date), unless otherwise being early terminated. Hence, the 2024 Share Option Scheme will still remain in force for around 8 years.

The total number of Shares to be issued in respect of which the share options may be granted under the 2024 Share Option Scheme shall not exceed 1.5% of the Company's total issued Shares as at the date of approval of the 2024 Share Option Scheme at the general meeting, which is 47,958,660 Shares (representing 1.5% of the issued share capital of the Company (excluding treasury shares) as at the date of disclosure of this report).

The maximum number of Shares which are issued and to be issued upon exercise of options (including exercised and unexercised options) by any participant within any 12-month period must not exceed 1% of the issued Shares from time to time (the "Individual Limit"). In the event the grant of options to such participant will result in the number of Shares issued and to be issued under all options granted to him/her (excluding the lapsed options under the terms of the scheme) within the 12-month period up to and inclusive of the grant date of such option in excess of 1% of the total number of Shares in issue of the Company, the Company shall convene another general meeting to seek the approval of the Shareholders, and such participant and his/her close associates (or his/her associates if such participant is a connected person) shall abstain from voting. In the event the grant of options to any substantial shareholder or independent non-executive Director of the Company or any of their respective associates will result in the total number of Shares issued to him/her within the 12-month period prior to and inclusive of the grant date and Shares to be issued to him/her upon the exercise of all options granted or to be granted to him/her (excluding any lapsed options under the 2024 Share Option Scheme Rules) in excess of 0.1% of the number of Shares in issue, such further grant of options shall require the prior approval of the Shareholders of the Company, and the grantee and his/her associates and all core connected persons of the Company shall abstain from voting. A circular shall be despatched to Shareholders under the Listing Rules.

## DIRECTORS' REPORT

In accordance with the 2024 Share Option Scheme Rules, participants who have been granted options should decide whether or not to accept the offer of options within 14 days after the grant date. If the Company receives, within the period of the acceptance date, a letter of offer of share options signed by such participant specifying the number of Shares in respect of which he/she accepts the offer of options and, at the same time, receives from him/her a remittance to the Company of the consideration for the grant of the options in the amount of HK\$1.00, the options in respect of the letter of offer of share options shall be deemed to be granted and effective. The consideration of HK\$1.00 for the grant of the options is nominal only and taking into account the contributions made or to be made by the participants to the Group, the Board considers that the nominal consideration of HK\$1.00 to be paid by each participant for the purchase of each of the options is fair and reasonable and that such arrangement is in line with the purpose of the Share Option Scheme, i.e. it is intended to grant options to the participants as an incentive for their contribution to the Group. Upon fulfillment of the vesting conditions and subject to relevant provisions of 2024 Share Option Scheme, the options will be granted to participants in batches in accordance with the vesting plan: (i) one-third of the options shall be vested on the first anniversary of the grant date, (ii) one-third of the options shall be vested on the second anniversary of the grant date, and (iii) the remaining shall be vested on the third anniversary of the grant date.

Share options shall be exercised within the Share Option Period determined by the Board or the Administration Committee (which may not be later than 10 years from the grant date of relevant share options), after which any unexercised options shall automatically lapse, except in certain circumstances as otherwise expressly provided for in the 2024 Share Option Scheme Rules. The exercise price shall be determined at the sole discretion of the Board or the Administration Committee but shall in no event be less than the higher of: (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the grant date, which must be a business day; and (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the grant date.

During the reporting period, two executive Directors were granted options to subscribe for an aggregate of 2,750,000 Shares, and options entitled to subscribe for 203,333 Shares lapsed during the reporting period, while the remaining 47 share option grantees were granted options to subscribe for an aggregate of 6,440,000 Shares. A summary of the movements of the outstanding share options under the 2024 Share Option Scheme during the year is as follows:

## DIRECTORS' REPORT

Grantee	Date of grant	Vesting period	Exercise period	Exercise price per share HK\$	Number of share options					Outstanding as at 31 December 2025	
					Outstanding as at 1 January 2025		Granted	Exercised	Lapsed		Cancelled
					(Note 1)	(Note 2)					
ZHAN Jing Executive Director and Chief Executive Officer	8 August 2025	8 August 2026 to 8 August 2028	8 August 2026 to 8 August 2035	1.34	-	2,420,000	-	-	-	2,420,000	
TANG Li Executive Director and Co-Chief Financial Officer	8 July 2024	8 July 2025 to 8 July 2027	8 July 2025 to 8 July 2034	1.45	610,000	-	-	203,333	-	406,667	
TANG Li Executive Director and Co-Chief Financial Officer	8 August 2025	8 August 2026 to 8 August 2028	8 August 2026 to 8 August 2035	1.34	-	330,000	-	-	-	330,000	
<b>Subtotal for Directors</b>					<b>610,000</b>	<b>2,750,000</b>	<b>-</b>	<b>203,333</b>	<b>-</b>	<b>3,156,667</b>	
Employees	8 July 2024	8 July 2025 to 8 July 2027	8 July 2025 to 8 July 2034	1.45	10,810,000	-	-	4,851,331	-	5,958,669	
Employees	8 August 2025	8 August 2026 to 8 August 2028	8 August 2026 to 8 August 2035	1.34	-	6,440,000	-	390,000	-	6,050,000	
<b>Total</b>					<b>11,420,000</b>	<b>9,190,000</b>	<b>-</b>	<b>5,444,664</b>	<b>-</b>	<b>15,165,336</b>	

Note 1: Subject to the 2024 Share Option Scheme Rules, the share options granted are subject to a vesting scheme in tranches: one-third shall be vested on the first anniversary of the granting date, one-third shall be vested on the second anniversary of the granting date, and the remaining shall be vested on the third anniversary of the granting date.

Note 2: According to the 2024 Share Option Scheme, the share options shall be exercised within the Share Option Period. "Share Option Period" shall mean, in respect of any particular share option, a period (which may not be later than 10 years from the offer date of that share option) to be determined and notified by the Board or the Administration Committee to the grantee thereof and, in the absence of such determination, from the offer date to the earlier of (i) the date on which such share option lapses; and (ii) 10 years from the offer date of such share option. There is no minimum period for which any vested share option must be held before it can be exercised, and no performance target is required for a grantee before the exercise of vested share options.

Note 3: The exercise price is not less than the higher of (i) the closing price of HK\$1.45 per Share on the Stock Exchange as stated in the Stock Exchange's daily quotations sheet on 8 July 2024 (i.e. the grant date); and (ii) the average closing price of approximately HK\$1.35 per Share as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding 8 July 2024. The closing price immediately preceding the date of grant of share options was HK\$1.56 per Share.

Note 4: The exercise price is not less than the higher of (i) the closing price of HK\$1.34 per Share on the Stock Exchange as stated in the Stock Exchange's daily quotations sheet on 8 August 2025 (i.e. the grant date); and (ii) the average closing price of approximately HK\$1.28 per Share as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding 8 August 2025. The closing price immediately preceding the date of grant of share options was HK\$1.28 per Share.

## DIRECTORS' REPORT

Note 5: The performance targets attached to the grant of options include (a) measurable performance benchmark which the Board considers relevant to the grantee, such as key performance indicators of respective department(s) and/or subsidiary(ies) to which the grantee belongs, individual position, ranking, annual appraisal results and performance of the grantee as determined under the Company's employee performance evaluation system; (b) the grantee's fulfilment of milestones with respect to, including but not limited to, the business development of the Group; (c) such performance targets as the Board considers appropriate, such as the Company's annual results, the annual growth in the revenue of the Group as compared to the previous financial year and the performance of the Group. The Board or the Administration Committee will conduct assessment by comparing the actual performance, operating or financial results of the Company, the Company's subsidiary(ies) and the actual performance of the grantee with the pre-determined targets or individual performance indicators to determine whether or to what extent the performance targets have been met. Such pre-determined targets or individual performance indicators specified in the Share Option Offer letter may be set by the Board or the Administration Committee on a case by case basis with reference to factors including the specific position and role of the relevant grantee, and the overall business plan, strategy and the expected financial performance of the Group in the relevant period. The performance targets will be deemed to be met when the actual level achieved reaches or exceeds the level of the pre-determined targets or individual performance indicators. For details, please refer to the section headed "V. Grant Of Share Options" set forth in Appendix I to the circular of the Company dated 2 May 2024.

Note 6: No options were exercised under the 2024 Share Option Scheme during the reporting period. Therefore, the weighted average closing price of such shares immediately prior to the exercise date of the options as required to be disclosed under Rule 17.07(1)(d) of the Listing Rules is not applicable.

Note 7: As of 1 January 2025, the number of share options available for grant under the 2024 Share Option Scheme was 36,538,660, while the number of share options that available for grant under the 2024 Share Option Scheme as at the end of the reporting period was 32,793,324. The number of shares to be issued under the share options granted but remain outstanding was 15,165,336. The weighted average number of Shares that may be issued in respect of share options granted under the 2024 Share Option Scheme divided by the number of shares in issue (excluding treasury shares) during the reporting period is 0.5%.

As of 31 December 2025, the aggregated fair value of the share options granted on 8 August 2025 under the 2024 Share Option Scheme was RMB5,543,000. The estimated value of the share options granted to Mr. ZHAN Jing, Mr. TANG Li and other eligible employees on that date was RMB1,459,000, RMB199,000 and RMB3,885,000, respectively.

Grantee	Date of grant	Total number of options granted	Fair value of options granted
			RMB'000
Mr. ZHAN Jing	8 August 2025	2,420,000	1,459
Mr. TANG Li	8 August 2025	330,000	199
Employees	8 August 2025	6,440,000	3,885
<b>Total</b>		<b>9,190,000</b>	<b>5,543</b>

Please refer to note 31 to the financial statements for details of accounting standards and policies for the fair value of options granted as at 8 August 2025 and the remaining life of the 2024 Share Option Scheme.

## DIRECTORS' REPORT

### 2024 Restricted Share Award Scheme

The purposes of the 2024 Restricted Share Award Scheme are to provide participants with an opportunity to acquire equity interest of the Company; to encourage and retain participants to work for the Company; to provide additional incentives to motivate them to strive for performance targets; and to attract external talents, so as to achieve the goal of increasing the value of the Company and to connect participants' interests directly to those of the Shareholders of the Company through ownership of Shares. Participants who meet the conditions of participation as set out in the 2024 Restricted Share Award Scheme Rules, specifically include the Directors, senior management, middle management and other key employees of the Company and/or the subsidiaries of the Company who meet the conditions of participation as set out in the 2024 Restricted Share Award Scheme. The eligibility of the selected participants is determined by the Board or the Administration Committee in consideration of their employment status with the Group, such as for how long they have been an employee, the managerial or key positions held and the corresponding functions assumed, individual expertise, skills or experience, contribution to the Company or any of its subsidiaries, and such other factors as may be deemed appropriate by the Board or the Administration Committee in its sole discretion. Pursuant to the 2024 Restricted Share Award Scheme Rules, the Restricted Shares will be Shares purchased by the Trustee in cash out of the Company's own funds to the Trustee, and will be held in trust on behalf of relevant selected grantees until such Restricted Shares are vested to relevant selected grantees in accordance with the Share Award Scheme Rules and the award conditions of such Restricted Shares, if any.

On 12 March 2024, as approved by the Board, the number of Restricted Shares granted under the 2024 Restricted Share Award Scheme shall not exceed 3.5% of the total number of Shares of the Company in issue as at the date of the approval and adoption of the Restricted Share Award Scheme by the Board, i.e., 111,903,540 Shares (representing 3.5% of the share capital of the Company in issue (excluding treasury shares) as at the date of disclosure of this report). The grantees of Restricted Shares are not required to pay any consideration for the acceptance of the Restricted Share awards granted.

The selected grantees shall return the duly executed acceptance notice to the Board or the Administration Committee within 28 days for accepting the grant of Restricted Shares in accordance with the terms of the Restricted Share Award Scheme Rules. Otherwise, the Restricted Shares granted will be deemed as unaccepted Shares. Upon satisfaction of vesting conditions, the Restricted Shares granted to the selected grantees are subject to a vesting scheme in tranches: one-third shall be vested on the first anniversary of the granting date, one-third shall be vested on the second anniversary of the granting date, and the remaining shall be vested on the third anniversary of the granting date.

Pursuant to the 2024 Restricted Share Award Scheme Rules, the 2024 Restricted Share Award Scheme shall remain valid unless it is terminated early according to the resolution of the Board.

## DIRECTORS' REPORT

During the reporting period, the Company granted a total of 21,350,000 Shares under the 2024 Restricted Share Award Scheme, with a total of 1,497,000 Share being vested and 12,632,994 Shares being lapsed. As at 31 December 2025, there were 76,606,534 awarded shares remained to be granted under the 2024 Restricted Share Award Scheme. A summary of the movements of the outstanding Restricted Shares under the 2024 Restricted Share Award Scheme during 2025 is as follows:

Movements of the number of Restricted Shares during 2025								
Grantees	Date of grant	Vesting Period	Outstanding	Granted	Vested	Lapsed	Cancelled	Outstanding
			as at 1 January 2025					as at 31 December 2025
		(Note 1)		(Notes 2 and 3)	(Note 4)	(Note 5)		
ZHAN Jing Executive Director and Chief Executive Office	8 August 2025	8 August 2026 to 8 August 2028	–	5,650,000	–	–	–	5,650,000
TANG Li Executive Director and Co-Chief Financial Officer	8 July 2024	8 July 2025 to 8 July 2027	1,420,000	–	–	473,333	–	946,667
TANG Li Executive Director and Co-Chief Financial Officer	8 August 2025	8 August 2026 to 8 August 2028	–	760,000	–	–	–	760,000
<b>Subtotal for Directors</b>			<b>1,420,000</b>	<b>6,410,000</b>	<b>–</b>	<b>473,333</b>	<b>–</b>	<b>7,356,667</b>

## DIRECTORS' REPORT

Movements of the number of Restricted Shares during 2025								
Grantees	Date of grant	Vesting Period	Outstanding	Granted	Vested	Lapsed	Cancelled	Outstanding
			as at 1 January 2025					as at 31 December 2025
		(Note 1)		(Notes 2 and 3)	(Note 4)			
Employees	8 July 2024	8 July 2025 to 8 July 2027	25,160,000	-	1,497,000	11,249,661	-	12,413,339
Employees	8 August 2025	8 August 2026 to 8 August 2028	-	14,940,000	-	910,000	-	14,030,000
<b>Subtotal for employees</b>			<b>25,160,000</b>	<b>14,940,000</b>	<b>1,497,000</b>	<b>12,159,661</b>	<b>-</b>	<b>26,443,339</b>
<b>Total</b>			<b>26,580,000</b>	<b>21,350,000</b>	<b>1,497,000</b>	<b>12,632,994</b>	<b>-</b>	<b>33,800,006</b>
Five highest paid employees	8 July 2024	8 July 2025 to 8 July 2027	3,200,000	-	100,000	1,913,333	-	1,186,667
Five highest paid employees	8 August 2025	8 August 2026 to 8 August 2028	-	8,170,000	-	760,000	-	7,410,000
<b>Total (five highest paid employees)</b>			<b>3,200,000</b>	<b>8,170,000</b>	<b>100,000</b>	<b>2,673,333</b>	<b>-</b>	<b>8,596,667</b>

Note 1: Subject to the 2024 Restricted Share Award Scheme Rules, upon satisfaction of vesting conditions, the Restricted Shares granted to the grantees are subject to a vesting scheme in tranches: one-third shall be vested on the first anniversary of the granting date, one-third shall be vested on the second anniversary of the granting date, and the remaining shall be vested on the third anniversary of the granting date. The exercise period for Restricted Shares granted has not been specified under the rules of the award scheme.

Note 2: According to the 2024 Restricted Share Award Scheme Rules, in determining the number of Restricted Shares to be granted to any selected grantee, the Board or the Administration Committee shall take into account certain matters, including but not limited to: i. the current and expected contribution of the Group's profits from relevant selected grantees; ii. the expertise, skills or experience, performance and synergies at work and achievement of performance targets of relevant selected grantees; iii. the general financial condition, overall business objectives and future development plans of the Group; and iv. any other matters that the Board or the Administration Committee deems relevant. The grantee of Restricted Shares is not required to pay any consideration for the acceptance of the Restricted Share awards granted. For details, please refer to the announcement of the Company dated 12 March 2024.

Note 3: The closing prices immediately preceding the date of grant of Restricted Shares, i.e. 8 July 2024 and 8 August 2025, were HK\$1.56 per Share and HK\$1.28 per Share, respectively.

Note 4: A total of 1,497,000 Shares were vested under the award scheme during the reporting period. In respect of the vesting of Restricted Shares to the employees during the reporting period, the weighted average closing price of shares immediately preceding the date on which the Restricted Shares were vested is HK\$1.18. In respect of the vesting of Restricted Shares to the five highest paid employees during the reporting period, the weighted average closing price of shares immediately preceding the date on which the restricted shares were vested is HK\$1.18.

Note 5: As of 1 January 2025, the number of shares available for grant under the 2024 Restricted Share Award Scheme was 85,323,540. As at 31 December 2025, the number of shares available for grant under the 2024 Restricted Share Award Scheme was 76,606,534.

Note 6: The 2024 Restricted Share Award Scheme does not involve the issue of new shares. Therefore, the weighted average number of Shares that may be issued in respect of the Restricted Shares granted under the 2024 Restricted Share Award Scheme during the reporting period divided by the number of issued shares (excluding treasury shares) during the reporting period as required to be disclosed under Rule 17.07(3) of the Listing Rules is not applicable.

## DIRECTORS' REPORT

As of 31 December 2025, the aggregated fair value of the Restricted Shares granted on 8 August 2025 under the 2024 Restricted Share Award Scheme was RMB24,464,000. The estimated value of the Restricted Shares granted to Mr. ZHAN Jing, Mr. TANG Li, other eligible employees and the five highest paid employees on that date was RMB6,474,000, RMB871,000, RMB17,119,000 and RMB9,361,000, respectively.

Grantee	Date of grant	Total number of Restricted Shares granted	Fair value of Restricted Shares granted
			RMB'000
Mr. ZHAN Jing	8 August 2025	5,650,000	6,474
Mr. TANG Li	8 August 2025	760,000	871
Employees	8 August 2025	14,940,000	17,119
<b>Total</b>		21,350,000	24,464
Five highest paid employees	8 August 2025	8,170,000	9,361

Please refer to note 32 to the financial statements for details of the accounting standards and policies for the fair value of Restricted Shares granted on 8 August 2025.

## AUDIT COMMITTEE

The Audit Committee comprises three members, including Mr. XU Min (Chairman), Ms. JIN Jinping and Mr. SUM Siu Kei, all of whom are independent non-executive directors (including one independent non-executive director who possesses appropriate professional qualifications or expertise in accounting or relevant finance management). They have reviewed the accounting principles and practices adopted by the Group and discussed matters regarding auditing and financial reporting, including reviewing the financial results of the Group for the year ended 31 December 2025.

The consolidated financial statements of the Company which are prepared in accordance with Hong Kong Financial Reporting Standards for the year ended 31 December 2025 have been audited by Ernst & Young, the auditor of the Company.

## DIRECTORS' REPORT

### AUDITOR

Pursuant to the resolution of the 2025 AGM of the Company, the Company reappointed Ernst & Young as the auditor of the Company in 2025. The Company has not changed its auditor from the Listing Date to the date of this report.

By order of the Board  
KONG Fanxing  
*Chairman*  
10 March 2026

## CORPORATE SOCIAL RESPONSIBILITY REPORT

### PHILOSOPHY OF RESPONSIBILITY

#### **Be Global for Shared Prosperity**

Horizon Construction Development strives to become a trustworthy comprehensive equipment operation service provider and pursues a contribution to customers' safer and more efficient production and operation. With such vision and mission, Horizon Construction Development is committed to providing customers with multi-functional, multi-latitude and full-cycle comprehensive services and consistently creating value for customers, holding onto its global cultural value of "customer first, professional efficiency, dare to innovate, integrity and conscientious, openness and integration, and people-centric".

"Be global for shared prosperity" is the Group's idea about environmental, social and governance (ESG) issues, which has been factored into the corporate culture and the long-term business development strategy of the Group. The Group advances its ESG efforts and continues to raise the level of its ESG management to address the concerns of the key stakeholders, such as "environment", "customers", "employees and communities" and "investors", while endeavoring to create long-term sustainable shared value for all stakeholders.

### ACCOUNTABLE TO INVESTORS

#### **Strengthening the Governance for Laying the Foundation for High-quality Development**

Horizon Construction Development has been listed on the Main Board of the Stock Exchange since 25 May 2023. Putting customers at the heart of everything it does, Horizon Construction Development conducts customer need-oriented operations, committed to providing customers with one-stop integrated comprehensive equipment operation services that are delivered on all fronts, multiple dimensions, and full cycle. On a steady growth path, Horizon Construction Development will relentlessly return its Shareholders and investors by creating higher value.

### ACCOUNTABLE TO EMPLOYEES

#### **Creating Better Lives Together with Its Valued Employees**

Horizon Construction Development remains attentive to the personal lives of its employees, respects individuality and develops their differentiated talent, and emphasizes the enhancement of their sense of happiness and team cohesion. Horizon Construction Development is committed to nurturing a culture of fairness, impartiality and transparency, creating and maintaining a safe and healthy workplace, and building a growth platform that has employees' trust and dedication.

#### **Employees' Rights and Interests**

In pursuit of developing a culture of fairness, impartiality and transparency, Horizon Construction Development has constructed sound and standardized human resources management systems and rules, which clearly provide for working hours, leave, remuneration and benefits to fully protect the legitimate rights, interests, and benefits of employees. In addition, to ensure democratic management, the Group has built a democratic system which centers on the general meeting of employee representatives and the labor union and established a communication and feedback mechanism for employees. Horizon Construction Development has set up a platform dubbed "Tea Bar" to collect reasonable advice from its employees, which encourages employees to speak out and make recommendations to the Group for its operation and management. Further, the Group conducts periodic surveys on employees' devotion to work.

## CORPORATE SOCIAL RESPONSIBILITY REPORT

Horizon Construction Development persists in achieving equitable access to employment and workplace diversity. Employees are given equal opportunities in respect of recruitment, training and development, promotion, and compensation and benefits. The Group recruits capable employees regardless of age, gender, ethnicity and educational background. The Group makes contributions to the five types of social insurance and the mandatory housing fund for all employees, buys supplemental medical insurance and group personal accident insurance for employees, and provides other non-statutory benefits such as festival grants, festival bonuses to employees' parents, and meal subsidies.

### Employee Development

Talents serve as the foundation and the driver of value creation, and a well-rounded and sound training system plays an important role in cultivating talent and improving corporate competitiveness. Horizon Construction Development has developed a powerful training support system to upskill each employee and help the employees build fulfilling careers to the greatest extent. Also, by establishing an online learning platform and giving an allowance to employees who have obtained qualification certificates in relation to the construction industry, the Group assists its employees with their enhancement of professional competence and builds itself into a learning organization encouraging self-evaluation, self-motivation, and self-improvement, which has created a vibe featuring lifelong learning among its people.

### Employee Care

Horizon Construction Development values care for its employees. It has formulated the Labor Union Welfare Specifications, organizes labor union welfare events at regular intervals, and provides employees with the necessary support by extending compassionate care, regard and relief to them. In this way, the Group fully showcases its care about employees' personal lives and enhances their sense of happiness and team cohesion, while striving to build a growth platform that has employees' trust and dedication. Horizon Construction Development takes action to express its care about employees, including compassionate care about employees, condolences from the labor union, relief from the labor union, and women's empowerment.

### Employee Health and Safety

HSE is short for Health, Safety and Environment. Taking HSE management as the foundation of the Group's operations and the guarantee of the Group's sustainable development, Horizon Construction Development has established an HSE system mainly backed by the HSE Management Regulations and makes every effort to create and maintain a safe and healthy workplace freeing its employees from safety accidents and occupational diseases.

Horizon Construction Development's occupational disease risks are largely related to noise, dust and high temperature. Risk management remains the core of the Group's safety management. Bearing this core in mind, the Group has formulated occupational health related rules such as the Administrative Measures for Occupational Health Management to build a comprehensive occupational health and safety management system. The Group promotes periodic identification of occupational disease risks throughout the whole production cycle at each base, monitors occupational disease risks and addresses such risks by rectifying vulnerable spots, and bolsters its employee occupational health management through both equipment improvement and health prevention.

## CORPORATE SOCIAL RESPONSIBILITY REPORT

### SOCIAL WELFARE ACTIONS

#### Community Engagement and Development

In strict compliance with the Law of the PRC on Prevention and Control of Noise Pollution, the Law of the PRC on the Prevention and Control of Atmospheric Pollution and other laws and regulations, Horizon Construction Development has been conscious of its impact on the local communities and responded with control measures in the course of its business operations. The Group enhanced the performance of environmental protection responsibilities and proactively participates in community engagement and development and closely aligns its development with the development of the local communities. Focusing on areas including environmental protection and voluntary blood donation, the Group attempts to promote shared prosperity and development with the communities where it operates and improve the residents' livelihood. In 2025, the Group actively participated in and supported the development of various social and public welfare initiatives. It actively communicated with communities within the communities and streets where it operated, including Waigang Town, Jiading District, Shanghai; Zhujing Town, Jinshan District, Shanghai; Binhai New Area, Tianjin; and Nansha District, Guangzhou. Through concrete actions, the Group facilitated advancement in community and rural economic development, education, healthcare and other aspects. For example, during the year, the Group organized its staff to participate in various public charity activities, such as blood donation activities in Jinshan District and Jiading District in Shanghai, and the provision of paired assistance to certain needy families in Waigang Town, Jiading District, Shanghai.

#### Rural Revitalization and Public Charity

In response to the "call for fully promoting rural revitalization" by the Chinese government, Horizon Construction Development has been an active participant in charitable activities and supporter of the development of various social and public undertakings, strictly abiding by the Charity Law of the PRC, the Law of the PRC on Donations for Public Welfare and other laws and regulations. In 2025, the Group made charitable donations totaling RMB40,000 in areas such as rural revitalization and emergency relief. For example, during the year, the Group continuously provided paired assistance to certain needy groups in Waigang Town, Jiading District, Shanghai. Particularly, the staff visited poverty-stricken families in Shijin Village and provided them with financial support and daily necessities such as rice, eggs, and cooking oil. During the year, it made charitable donations to the Jiading District Representative Office of the Shanghai Charity Foundation, the Red Cross Society of Zhujing Town, Jinshan District, Shanghai, and the Jinan Licheng Charity Federation of Shandong Province.

## CORPORATE SOCIAL RESPONSIBILITY REPORT

### ACCOUNTABLE TO ENVIRONMENT

#### Exploring New Green Paths to Save Energy and Reduce Carbon Footprint

Continually improving its climate change management system and environmental management system, Horizon Construction Development sets targets and roadmap to achieve carbon neutrality and keeps track of the progress. Therefore, the Group can effectively manage climate-related risks while seizing climate-related opportunities and continuously better its management accordingly to minimize the carbon footprint generated from its operational activities. As regards environmental management, the Group invests “consistent efforts to energy conservation and emission reduction, low-carbon commitment and sustainable development”. Energy consumption can be reduced while the green and efficient use of energy is promoted through measures such as energy conservation and efficiency enhancement as well as green reengineering on the business side and the use of new energy on the operational side. Besides, substantial improvements to society and the environment can be materialized while the sustainable development of the Company is realized.

### ACCOUNTABLE TO CUSTOMERS

#### Improving Customer Satisfaction by Delivering Better Services

Putting customers at the center, Horizon Construction Development conducts customer need-oriented operations. It has established a customer service management system covering product consultation, after-sales service and customer satisfaction management and formulated corresponding systems and processes to constantly improve the efficiency of its customer service, committed to providing customers services on all fronts, multiple dimensions and full cycle. Meanwhile, the Group focuses on technological innovation. With the integration of IUR (Industry-University-Research) sectors, the Group constantly innovates products and techniques while focusing on the development of software systems and intelligent hardware in a bid to furnish customers with safer, more eco-friendly and more economical solutions.

## INDEPENDENT AUDITOR'S REPORT



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To the shareholders of Horizon Construction Development Limited  
(Incorporated in the Cayman Islands with limited liability)

### OPINION

We have audited the consolidated financial statements of Horizon Construction Development Limited (the "Company") and its subsidiaries (the "Group") set out on pages 134 to 260, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("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") as 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 MATTERS

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

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

## INDEPENDENT AUDITOR'S REPORT

Key audit matter	How our audit addressed the key audit matter
<i>Revenue recognition</i>	
<p>For the year ended 31 December 2025, the revenue of the Group was mainly generated from operating lease services of RMB6,447 million, engineering and technical services of RMB2,194 million and sale of goods of RMB719 million.</p> <p>Revenue from lease income is recognised net of discount, in accordance with the terms of lease contracts over the lease term on a straight-line basis.</p> <p>Revenue from the provision of engineering and technical services is recognised over time when the performance obligations are fulfilled.</p> <p>We identified revenue recognition as a key audit matter as there is an inherent risk around the accuracy of the revenue recorded.</p> <p>The related disclosures are included in note 2.4, note 4 and note 5 to the consolidated financial statements.</p>	<p>We considered the appropriateness of the Group's revenue recognition accounting policies and assessed compliance with the policies in accordance with HKFRS Accounting Standards.</p> <p>We assessed and evaluated the design and operating effectiveness of the key controls, with the assistance of our IT specialists, over the process of revenue recognition.</p> <p>On a sample basis, we performed tests of details to:</p> <ul style="list-style-type: none"> <li>• review the contracts entered into with the customers to assess whether the revenue recognition is in compliance with the accounting policies;</li> <li>• review the contracts entered into with the customers to assess whether the key contract terms of the lease contracts and engineering and technical service contracts are consistent with those recorded in the IT system;</li> <li>• check the settlement statements confirmed by the customers to verify the lease incomes and the revenue from engineering and technical services are properly recorded;</li> <li>• re-calculated the accuracy of the revenue recognised;</li> </ul> <p>We also assessed the relevant disclosures of revenue recognition with reference to the requirements of the prevailing accounting standards.</p>

## INDEPENDENT AUDITOR'S REPORT

Key audit matter	How our audit addressed the key audit matter
<i>Impairment assessment of financial assets and contract assets</i>	
<p>HKFRS 9 requires the use of the “expected credit loss” (“ECL”) model for the measurement of impairment allowances of financial assets and contract assets. In measuring the ECLs of financial assets and contract assets under HKFRS 9, management needs to apply judgement, make necessary assumptions and select a reasonable ECL model, in aspects such as determining whether there are significant increases in credit risk, and determining the parameters and the forward-looking adjustments.</p> <p>As at 31 December 2025, the gross carrying amount of the Group’s financial assets and contract assets, including trade receivables, debt investments at fair value through other comprehensive income, other receivables, deposits and contract assets, amounted to RMB10,389 million and accounted for 28.57% of the Group’s total assets.</p> <p>We identified impairment assessment of financial assets and contract assets as a key audit matter because of the significance of the balances and significant judgements and estimates involved in the process, including the classification of stages for measurement of ECLs and the estimation of future cash flows.</p> <p>The related disclosures are included in note 2.4, note 3, note 21, note 22, note 23, note 24 and note 42 to the consolidated financial statements.</p>	<p>We assessed and evaluated the design and operating effectiveness of the key control, over the process of impairment assessment of financial assets and contract assets.</p> <p>On a sample basis, we evaluated and tested the key parameters of the ECL model, management’s major judgements and related assumptions, mainly focusing on the following aspects:</p> <ul style="list-style-type: none"> <li>• Assessing the reasonableness of the ECL model and related parameters, including probability of default, loss given default, exposure at default, and significant increase in credit risk; and</li> <li>• Assessing the reasonableness of the management’s consideration of forward-looking adjustment information when determining ECL, including the use of macroeconomic information and the judgement of adjustments.</li> </ul> <p>We also assessed the relevant disclosures of impairment assessment of financial assets and contract assets with reference to the requirements of the prevailing accounting standards.</p>

### OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

## INDEPENDENT AUDITOR'S REPORT

### OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT (continued)

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

### RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as 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 of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

## INDEPENDENT AUDITOR'S REPORT

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

(continued)

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

## INDEPENDENT AUDITOR'S REPORT

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

(continued)

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

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

The engagement partner on the audit resulting in this independent auditor's report is Cheung Bing Yin Benny (practising certificate number: P06447).

**Ernst & Young**  
*Certified Public Accountants*  
Hong Kong  
10 March 2026

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

	Notes	For the year ended 31 December	
		2025	2024
		RMB'000	RMB'000
REVENUE	5	<b>9,359,192</b>	11,581,062
Cost of sales	7	<b>(6,892,756)</b>	(7,806,466)
Gross profit		<b>2,466,436</b>	3,774,596
Other income and gains	6	<b>192,742</b>	238,667
Selling and distribution expenses	7	<b>(517,723)</b>	(608,675)
Administrative expenses	7	<b>(1,206,454)</b>	(1,270,987)
Expected credit losses ("ECLs") on financial and contract assets, net	7	<b>110,142</b>	(107,374)
Other expenses	7	<b>(30,974)</b>	(20,241)
Finance costs	10	<b>(805,303)</b>	(805,827)
PROFIT BEFORE TAX	7	<b>208,866</b>	1,200,159
Income tax expense	11	<b>(61,890)</b>	(303,837)
PROFIT FOR THE YEAR		<b>146,976</b>	896,322
Attributable to:			
Owners of the parent		<b>146,976</b>	896,322
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13	RMB	RMB
Basic			
Earnings per share		<b>0.05</b>	0.28
Diluted			
Earnings per share		<b>0.05</b>	0.28

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	For the year ended 31 December	
	2025	2024
	RMB'000	RMB'000
PROFIT FOR THE YEAR	<b>146,976</b>	896,322
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the year	<b>(16,733)</b>	2,015
Offset of foreign exchange gains/(losses)	<b>16,520</b>	(1,895)
Income tax effect	<b>(260)</b>	(127)
Exchange differences:		
Exchange differences on translation of foreign operations	<b>(158,887)</b>	6,129
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<b>(159,360)</b>	6,122
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<b>(159,360)</b>	6,122
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<b>(12,384)</b>	902,444
Attributable to:		
Owners of the parent	<b>(12,384)</b>	902,444

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

		31 December 2025	31 December 2024
	Notes	RMB'000	RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	21,583,432	22,245,403
Right-of-use assets	15(a)	904,417	905,139
Goodwill	16	173,979	–
Other intangible assets	17	5,511	6,749
Investment in associates	18	653	260
Prepayments, other receivables and other assets	21	663,097	705,104
Deferred tax assets	19	386,667	362,808
Total non-current assets		23,717,756	24,225,463
<b>CURRENT ASSETS</b>			
Inventories	20	405,931	245,111
Trade receivables	22	6,836,100	5,870,926
Contract assets	23	660,263	753,848
Prepayments, other receivables and other assets	21	2,076,258	2,672,411
Debt investments at fair value through other comprehensive income	24	1,061,829	871,920
Derivative financial instruments		–	1,166
Restricted bank balances	25	88,205	9,918
Cash and cash equivalents	25	1,522,005	1,783,418
Total current assets		12,650,591	12,208,718
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	26	2,924,244	2,395,257
Other payables and accruals	27	970,097	871,239
Derivative financial instruments		17,298	1,732
Interest-bearing bank and other borrowings	28	7,294,708	6,535,498
Lease liabilities	15(b)	225,534	204,088
Tax payables		96,939	141,922
Total current liabilities		11,528,820	10,149,736
NET CURRENT ASSETS		1,121,771	2,058,982
TOTAL ASSETS LESS CURRENT LIABILITIES		24,839,527	26,284,445

continued/...

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

31 December 2025

		<b>31 December 2025</b>	31 December 2024
	Notes	RMB'000	RMB'000
<b>NON-CURRENT LIABILITIES</b>			
Other payables and accruals	27	<b>24,930</b>	15,447
Interest-bearing bank and other borrowings	28	<b>13,033,497</b>	14,367,397
Lease liabilities	15(b)	<b>382,318</b>	429,494
Financial liabilities at fair value through profit or loss	34	<b>73,937</b>	–
Deferred revenue	29	–	13,757
Total non-current liabilities		<b>13,514,682</b>	14,826,095
Net assets		<b>11,324,845</b>	11,458,350
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital	30	<b>421</b>	421
Reserves	33	<b>11,324,424</b>	11,457,929
Total equity		<b>11,324,845</b>	11,458,350

Zhan Jing  
*Director*

Tang Li  
*Director*

Shan Jianlin  
*Co-Chief Financial Officer*

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to owners of the parent										Total equity
	Share capital	Share premium*	Merger reserve*	Capital reserve*	Shares held for the share		Share-based compensation reserve*	Special reserve*	Other comprehensive income*	Retained profits*	
					award scheme*	compensation reserve*					
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2024	421	7,533,457	(29,862)	394,456	(89,455)	12,254	165,120	3,813	3,468,146	11,458,350	
Profit for the year	-	-	-	-	-	-	-	-	146,976	146,976	
Other comprehensive income for the year:											
Cash flow hedges, net of tax	-	-	-	-	-	-	-	(473)	-	(473)	
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(158,887)	-	(158,887)	
Total comprehensive income for the year	-	-	-	-	-	-	-	(159,360)	146,976	(12,384)	
Dividends	-	-	-	-	-	-	-	-	(132,874)	(132,874)	
Shares vested under restricted share award scheme	-	-	-	-	2,097	(1,844)	-	-	(253)	-	
Purchase of shares under restricted share award scheme	-	-	-	-	(128)	-	-	-	-	(128)	
Recognition of equity-settled share-based payments	-	-	-	-	-	9,253	-	-	-	9,253	
Special reserve – safety fund appropriation	-	-	-	-	-	-	12,269	-	(12,269)	-	
Others	-	-	-	-	-	-	-	-	2,628	2,628	
At 31 December 2025	421	7,533,457	(29,862)	394,456	(87,486)	19,663	177,389	(155,547)	3,472,354	11,324,845	

\* These reserve accounts comprise the consolidated reserves of RMB11,324,424,000 in the consolidated statement of financial position as at 31 December 2025.

continued/...

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

Year ended 31 December 2025

	Attributable to owners of the parent								Total equity		
	Share capital	Share premium*	Merger reserve*	Capital reserve*	Shares held for the share		Share-based compensation reserve*	Special reserve*		Other comprehensive income*	Retained profits*
					award scheme*	compensation reserve*					
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2023	421	7,533,457	(29,862)	394,456	-	-	113,755	(2,309)	2,767,749	10,777,667	
Profit for the year	-	-	-	-	-	-	-	-	896,322	896,322	
Other comprehensive income for the year:											
Cash flow hedges, net of tax	-	-	-	-	-	-	-	(7)	-	(7)	
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	6,129	-	6,129	
Total comprehensive income for the year	-	-	-	-	-	-	-	6,122	896,322	902,444	
2024 interim dividend	-	-	-	-	-	-	-	-	(146,646)	(146,646)	
Purchase of shares under restricted share award scheme	-	-	-	-	(89,455)	-	-	-	2,086	(87,369)	
Recognition of equity-settled share-based payments	-	-	-	-	-	12,254	-	-	-	12,254	
Special reserve – safety fund appropriation	-	-	-	-	-	-	51,365	-	(51,365)	-	
At 31 December 2024	421	7,533,457	(29,862)	394,456	(89,455)	12,254	165,120	3,813	3,468,146	11,458,350	

\* These reserve accounts comprise the consolidated reserves of RMB11,457,929,000 in the consolidated statement of financial position as at 31 December 2024.

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	For the year ended 31 December	
		2025	2024
		RMB'000	RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>208,866</b>	1,200,159
Adjustments for:			
Finance costs	10	<b>805,303</b>	805,827
Gains on financial assets at fair value through profit or loss	6	<b>(315)</b>	(570)
Fair value gains on derivative instruments – not for hedge accounting	6	<b>-</b>	(3,732)
Gain on disposal of items of property, plant and equipment and early termination of right-of-use assets	6	<b>(29,525)</b>	(14,082)
Loss on scrapped and physical items of property, plant and equipment	7	<b>1,454</b>	478
ECLs on financial and contract assets, net	7	<b>(110,142)</b>	107,374
Impairment of repossessed assets	7	<b>51,728</b>	13,457
Depreciation of property, plant and equipment	14	<b>2,723,623</b>	2,367,962
Depreciation of right-of-use assets	15(a)	<b>382,936</b>	271,166
Amortisation of other intangible assets	17	<b>1,238</b>	786
Deferred revenue	29	<b>(13,757)</b>	(1,171)
Additional value-added tax (“VAT”) reduction	6	<b>-</b>	(18,381)
Equity-settled share-based payment expense	7	<b>9,253</b>	12,254
Provision	6,7	<b>-</b>	2,217
Exchange losses/(gains)	6,7	<b>4,606</b>	(39,949)
		<b>4,035,268</b>	4,703,795
Decrease/(increase) in inventories		<b>229,113</b>	(74,900)
Increase in trade receivables		<b>(1,001,465)</b>	(1,588,998)
Increase in debt investments at fair value through other comprehensive income		<b>(1,062,281)</b>	(547,312)
Decrease in prepayments, other receivables and other assets		<b>909,519</b>	837,204
Decrease/(increase) in contract assets		<b>100,066</b>	(400,417)
Decrease in trade and bills payables		<b>942,960</b>	1,486,380
Increase in other payables and accruals		<b>68,944</b>	161,803
Cash generated from operations		<b>4,222,124</b>	4,577,555
Tax paid		<b>(144,106)</b>	(373,537)
Net cash flows generated from operating activities		<b>4,078,018</b>	4,204,018

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## CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	For the year ended 31 December	
		2025	2024
		RMB'000	RMB'000
Net cash flows generated from operating activities		<b>4,078,018</b>	4,204,018
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of items of property, plant and equipment		<b>(2,277,058)</b>	(7,522,166)
Proceeds from disposal of items of property, plant and equipment		<b>315,141</b>	757,448
Investment in associates	18	<b>(380)</b>	(260)
Acquisition of a subsidiary, net of cash acquired	34	<b>(209,546)</b>	–
Net cash received for investments	6	<b>315</b>	570
Net cash flows used in investing activities		<b>(2,171,528)</b>	(6,764,408)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New bank and other borrowings	35	<b>10,080,743</b>	11,881,010
Dividends paid		<b>(138,150)</b>	(136,656)
Interest paid	35	<b>(789,379)</b>	(743,775)
Deposits paid		<b>100,051</b>	(38,557)
Repayment of bank and other borrowings	35	<b>(10,783,018)</b>	(8,439,521)
Principal portion of lease payments, net	35	<b>(556,939)</b>	(286,081)
Placement of restricted deposits		<b>(78,287)</b>	(9,904)
Purchase of shares held for the share award scheme	32	<b>(128)</b>	(89,455)
Net cash flows (used in)/generated from financing activities		<b>(2,165,107)</b>	2,137,061
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at the beginning of year		<b>1,783,418</b>	2,166,798
Effect of foreign exchange rate changes, net		<b>(2,796)</b>	39,949
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	25	<b>1,522,005</b>	1,783,418

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 1. CORPORATE AND GROUP INFORMATION

Horizon Construction Development Limited (the “Company”) was incorporated in the Cayman Islands on 28 September 2020 as an exempted company with limited liability under the Companies Law Chapter 22 of the Cayman Islands. The registered address of the Company is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands.

The Company is an investment holding company. During the reporting period, the Company and its subsidiaries (the “Group”) were principally engaged in the provision of the following services:

- (i) Operating lease services, including operational leasing of aerial work platforms, turnover materials and mould bases;
- (ii) Engineering and technical services, including construction and related services, electric power supply services, equipment repair and maintenance services and logistics services; and
- (iii) Asset management and other services, including asset management services (mainly referring to subleasing services and related maintenance services) and sale of goods (mainly referring to the sale of new equipment, second-hand equipment and materials).

The immediate holding company of the Company is Far East Horizon Limited (the “Controlling Shareholder”).

As at the date of this report, the Company has direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place of incorporation/ registration and place of operations	Date of incorporation/ registration	Registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Horizon Construction (Hong Kong) Limited	Hong Kong	19-Dec-14	HKD1 and RMB 4,800,000,000	100	–	Investment holding
Tianjin Horizon Construction Development Investment Co., Ltd. * (天津宏信建設投資有限公司)	PRC/Chinese Mainland	20-Jun-19	USD 1,100,000,000	–	100	Investment holding
Shanghai Horizon Construction Development Co., Ltd. * (上海宏信建設發展有限公司)	PRC/Chinese Mainland	14-Apr-14	RMB 5,550,000,000	–	100	Engineering and technical services, and sale of equipment and spare parts

continued/...

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 1. CORPORATE AND GROUP INFORMATION (continued)

Name	Place of incorporation/ registration and place of operations	Date of incorporation/ registration	Registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Shanghai Hongjin Equipment & Engineering Co., Ltd. * (上海宏金設備工程有限公司)	PRC/Chinese Mainland	2-Aug-13	RMB 600,000,000	–	100	Engineering and technical services, operating lease services, and maintenance, installation and sale of equipment
Shanghai Horizon Equipment & Engineering Co., Ltd. * (上海宏信設備工程有限公司)	PRC/Chinese Mainland	13-Jul-11	RMB 5,920,000,000	–	100	Engineering and technical services, operating lease services, and maintenance, installation and sale of equipment
Tianjin Horizon Equipment Leasing Co., Ltd. * (天津宏信設備租賃有限公司)	PRC/Chinese Mainland	27-Jul-12	RMB 100,000,000	–	100	Engineering and technical services, operating lease services, and maintenance, installation and sale of equipment
Guangzhou Hongtu Equipment & Engineering Co., Ltd. * (廣州宏途設備工程有限公司)	PRC/Chinese Mainland	23-Mar-15	RMB 1,133,220,000	–	100	Engineering and technical services, operating lease services, and maintenance, installation and sale of equipment
Shanghai Horizon Engineering Technology Co., Ltd. * (上海宏信工程技術有限公司)	PRC/Chinese Mainland	11-Sep-20	RMB 200,000,000	–	100	Engineering and technical services, operating lease services, and sale of equipment and spare parts

continued/...

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 1. CORPORATE AND GROUP INFORMATION (continued)

Name	Place of incorporation/ registration and place of operations	Date of incorporation/ registration	Registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Shanghai Horizon Construction Technology Co., Ltd. * (上海宏信建築科技有限公司)	PRC/Chinese Mainland	20-Apr-20	RMB 200,000,000	–	100	Engineering and technical services, and operating lease services
Tianjin Horizon Construction Development Leasing Co., Ltd. * (天津宏信建發租賃有限公司)	PRC/Chinese Mainland	16-Apr-20	RMB 955,000,000	–	100	Operating lease services, and sale of equipment and spare parts
Beijing Hongtu Equipment Leasing Co., Ltd. * (北京宏途設備租賃有限公司)	PRC/Chinese Mainland	2-Dec-20	RMB 1,000,000	–	100	Engineering and technical services, operating lease services, and sale of equipment and spare parts
Tianjin Horizon Construction Development Engineering Technology Co., Ltd. * (天津宏信建發工程技術有限公司)	PRC/Chinese Mainland	23-Nov-20	RMB 60,000,000	–	100	Engineering and technical services, operating lease services, and sale of equipment and spare parts
Tianjin Hongtu Supply Chain Management Co., Ltd. * (天津宏途供應鏈管理有限公司)	PRC/Chinese Mainland	19-Nov-20	RMB 10,000,000	–	100	Supply chain management services
Tianjin Iahuole Supply Chain Management Co., Ltd. * (天津拉貨了供應鏈管理有限公司)	PRC/Chinese Mainland	12-Jul-22	RMB 10,000,000	–	100	Supply chain management services and domestic freight forwarding
Hongtu Jianlian Construction Engineering Management Co., Ltd., Taierzhuang District, Zaozhuang City * (棗莊市台兒莊區宏途建聯建築工程 管理有限公司)	PRC/Chinese Mainland	09-Sep-25	USD 10,000,000	–	100	Engineering and technical services and equipment operating lease

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## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 1. CORPORATE AND GROUP INFORMATION (continued)

Name	Place of incorporation/ registration and place of operations	Date of incorporation/ registration	Registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Yantai Horizon Jiantuo Engineering Management Co., Ltd. * (煙臺宏信建拓工程管理有限公司)	PRC/Chinese Mainland	10-Nov-25	USD 15,000,000	–	100	Engineering and technical services and equipment operating lease
Yantai Hongtu Jianlian Engineering Management Co., Ltd. * (煙臺宏途建聯工程管理有限公司)	PRC/Chinese Mainland	10-Nov-25	USD 15,000,000	–	100	Engineering and technical services and equipment operating lease
Xuzhou Hongsui Jianxin Equipment Engineering Co., Ltd. * (徐州宏睢建信設備工程有限公司)	PRC/Chinese Mainland	19-Sep-25	USD 5,000,000	–	100	Engineering and technical services and equipment operating lease
Taizhou Hongtu Jianxin Engineering Equipment Rental Co., Ltd. * (台州宏途建信工程設備租賃有限公司)	PRC/Chinese Mainland	06-Nov-25	USD 10,000,000	–	100	Engineering and technical services and equipment operating lease
Shanghai Horizon Jiantuo Equipment Engineering Co., Ltd. * (上海宏信建拓設備工程有限公司)	PRC/Chinese Mainland	18-Aug-25	RMB 1,200,000,000	–	100	Engineering and technical services and equipment operating lease
Shanghai Hongjin Equipment Rental Co., Ltd. * (上海宏金設備租賃有限公司)	PRC/Chinese Mainland	28-Aug-25	RMB 50,000,000	–	100	Engineering and technical services and equipment operating lease
Shandong Jiantu Equipment Rental Co., Ltd. * (山東建途設備租賃有限公司)	PRC/Chinese Mainland	10-Dec-25	USD 15,000,000	–	100	Engineering and technical services and equipment operating lease
Qionglai Hongtu Jianlian Engineering Management Co., Ltd. * (邱嶽宏途建聯工程管理有限公司)	PRC/Chinese Mainland	14-Nov-25	USD 5,000,000	–	100	Engineering and technical services and equipment operating lease
Qingdao Hongtu Jianlian Equipment Engineering Co., Ltd. * (青島宏途建聯設備工程有限公司)	PRC/Chinese Mainland	26-May-25	USD 60,000,000	–	100	Engineering and technical services and equipment operating lease

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## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 1. CORPORATE AND GROUP INFORMATION (continued)

Name	Place of incorporation/ registration and place of operations	Date of incorporation/ registration	Registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Nanjing Honghe Jianlian Equipment Engineering Co., Ltd. * (南京宏合建聯設備工程有限公司)	PRC/Chinese Mainland	29-Oct-25	USD 15,000,000	–	100	Engineering and technical services and equipment operating lease
Langfang Hongjin Engineering Management Co., Ltd. * (廊坊宏金工程管理有限公司)	PRC/Chinese Mainland	06-Nov-25	USD 8,000,000	–	100	Engineering and technical services and equipment operating lease
Laizhou Honglai Jianlian Engineering Management Co., Ltd. * (萊州宏萊建聯工程管理有限公司)	PRC/Chinese Mainland	14-Nov-25	USD 15,000,000	–	100	Engineering and technical services and equipment operating lease
Jinan Hongxin Jianfa Equipment Engineering Co., Ltd. * (濟南宏信建發設備工程有限公司)	PRC/Chinese Mainland	26-May-25	USD 50,000,000	–	100	Engineering and technical services and equipment operating lease
Jinan Hongtu Jianlian Engineering Management Co., Ltd. * (濟南宏途建聯工程管理有限公司)	PRC/Chinese Mainland	22-Sep-25	USD 20,000,000	–	100	Engineering and technical services and equipment operating lease
Huaian Hongtu Jianxin Equipment Engineering Co., Ltd. * (淮安宏途建信設備工程有限公司)	PRC/Chinese Mainland	02-Sep-25	USD 20,000,000	–	100	Engineering and technical services and equipment operating lease
Hangzhou Hongtu Jianlian Engineering Management Co., Ltd. * (杭州宏途建聯工程管理有限公司)	PRC/Chinese Mainland	18-Dec-25	USD 30,000,000	–	100	Engineering and technical services and equipment operating lease
Dezhou Hongxia Engineering Management Co., Ltd. * (德州宏夏工程管理有限公司)	PRC/Chinese Mainland	08-Dec-25	USD 18,000,000	–	100	Engineering and technical services and equipment operating lease
Chengdu Hongtu Jianlian Construction Engineering Co., Ltd. * (成都宏途建聯建築工程有限公司)	PRC/Chinese Mainland	11-Sep-25	USD 5,000,000	–	100	Engineering and technical services and equipment operating lease

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## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 1. CORPORATE AND GROUP INFORMATION (continued)

Name	Place of incorporation/ registration and place of operations	Date of incorporation/ registration	Registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Horizon Construction Overseas (Hong Kong) Limited	Hong Kong	29-Apr-21	HKD 10,000,000 and RMB 1,600,000,000	–	100	Investment holding
HORIZON CONSTRUCTION DEVELOPMENT INVESTMENT (HONGKONG) LIMITED	Hong Kong	09-Jan-25	HKD 10,000	–	100	Investment holding
HORIZON CONSTRUCTION DEVELOPMENT INVESTMENT II (HONGKONG) LIMITED	Hong Kong	09-Jan-25	HKD 10,000	–	100	Investment holding
HORIZON CONSTRUCTION DEVELOPMENT INVESTMENT III (HONGKONG) LIMITED	Hong Kong	09-Jan-25	HKD 10,000	–	100	Investment holding
HORIZON CONSTRUCTION DEVELOPMENT HOLDINGS (HONGKONG) LIMITED	Hong Kong	25-Aug-25	HKD 10,000	–	100	Investment holding
Horizon Construction Overseas Investment (Hong Kong) Limited	Hong Kong	27-May-25	HKD1	–	100	Investment holding
Horizon Construction Overseas Investment II (Hong Kong) Limited	Hong Kong	15-Sep-25	HKD1	–	100	Investment holding
HORIZON CONSTRUCTION OVERSEAS HOLDINGS (CHINA) LIMITED	Hong Kong	18-Sep-25	USD 60,000,000	–	100	Investment holding
HORIZON CONSTRUCTION OVERSEAS HOLDINGS (HONGKONG) LIMITED	Hong Kong	15-Aug-25	HKD1	–	100	Investment holding
HORIZON CONSTRUCTION DEVELOPMENT (SINGAPORE) PTE. LTD.	Singapore	21-Jul-21	SGD 1,000,000	–	100	Wholesale trade of a variety of goods

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## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 1. CORPORATE AND GROUP INFORMATION (continued)

Name	Place of incorporation/ registration and place of operations	Date of incorporation/ registration	Registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
HORIZON CONSTRUCTION OVERSEAS (MALAYSIA) SDN. BHD.	Malaysia	8-Nov-21	MYR 23,500,000	–	100	Import and export, sale and leasing of new and used equipment
PT HORIZON CONSTRUCTION INDONESIA	Indonesia	9-Jan-23	IDR 451,795,865,600	–	100	Trade in machinery, tools and accessories, and leasing of construction and civil machinery
HORIZON CONSTRUCTION DEVELOPMENT OVERSEAS (VIETNAM) COMPANY LIMITED	Vietnam	16-Mar-23	USD 500,000	–	100	Engineering and technical services, operating lease services, and export, import, and wholesale distribution of goods
HORIZON CONSTRUCTION DEVELOPMENT (THAILAND) CO., LTD.	Thailand	10-May-23	THB 225,000,000	–	100	Trade in machinery tools and accessories, and leasing of construction and civil machinery
CDHORIZON FZE	The United Arab Emirates	26-Oct-23	AED 530,000	–	100	Construction equipment and machinery rental handling, loading and lifting equipment
CDHorizon Arabia Company Limited	Kingdom of Saudi Arabia	17-Dec-23	SAR 132,050,000	–	100	Repair and maintenance of mining and construction machinery, electrical equipment repair and maintenance of engines, generators and steam generators

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## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 1. CORPORATE AND GROUP INFORMATION (continued)

Name	Place of incorporation/ registration and place of operations	Date of incorporation/ registration	Registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
HORIZON CONSTRUCTION DEVELOPMENT TURKEY İNŞAAT GELİŞTİRME ANONİM ŞİRKETİ	Turkey	15-Jan-24	TRY 45,560,000	–	100	Various construction projects and project development, and leasing of machinery and equipment
CDHORIZON (MACAO) LIMITED	Macao	4-Sep-24	MOP 800,000	–	100	Construction engineering, mechanical engineering, and electromechanical installation
PT HORIZON CONSTRUCTION DEVELOPMENT INDONESIA	Indonesia	3-Dec-24	IDR 10,000,000,000	–	100	Trade in machinery, tools and accessories, and leasing of construction and civil machinery
CDHORIZON SPC	Oman	4-Dec-24	OMR 250,000	–	100	Administrative services, logistics services, equipment and machinery trading, and building materials trading
CDHorizon Employee Incentive (CP) Limited	British Virgin Islands	13-Mar-24	USD100	100	–	Investment holding
CDHorizon Employee Incentive (NCP) Limited	British Virgin Islands	13-Mar-24	USD100	100	–	Investment holding
TH TONG HENG MACHINERY SDN. BHD.	Malaysia	02-Jan-94	MYR 500,000	–	80	Engineering and technical services, equipment operating lease, and maintenance and installation and sale of equipment

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## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 1. CORPORATE AND GROUP INFORMATION (continued)

Name	Place of incorporation/ registration and place of operations	Date of incorporation/ registration	Registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
TGCORE TRADING SDN. BHD.	Malaysia	01-Jan-19	MYR51,000	–	80	Engineering and technical services, equipment operating lease, and maintenance and installation and sale of equipment
CDHORIZON HEAVY MACHINES AND EQUIPMENT RENTING- L.L.C - S.P.C	Abu Dhabi	26-Sep-24	AED250,000	–	100	Engineering and technical services, equipment operating lease, and maintenance and installation and sale of equipment
HORIZON CONSTRUCTION DEVELOPMENT (TANZANIA) LIMITED	Tanzania	08-Jan-25	TZS 1,300,000,000	–	100	Engineering and technical services, equipment operating lease, and maintenance and installation and sale of equipment
Horizon Construction Development (Kazakhstan) Limited	Kazakhstan	24-Sep-25	KZT 200,000,000	–	100	Engineering and technical services, equipment operating lease, and maintenance and installation and sale of equipment
CDHORIZON MOROCCO	Morocco	23-Sep-25	MAD100,000	–	100	Engineering and technical services, equipment operating lease, and maintenance and installation and sale of equipment

\* The English names of all group companies registered in the PRC represent the best efforts made by the management of the Company to translate the Chinese names of these companies as they do not have official English names.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 2. ACCOUNTING POLICIES

#### 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and derivative financial instruments which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

#### Basis of consolidation

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

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 2. ACCOUNTING POLICIES (continued)

#### 2.1 BASIS OF PREPARATION (continued)

##### Basis of consolidation (continued)

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

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

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

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

#### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 2. ACCOUNTING POLICIES (continued)

#### 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

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

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

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

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

3 No mandatory effective date yet determined but available for adoption

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 2. ACCOUNTING POLICIES (continued)

#### 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

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

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

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

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 2. ACCOUNTING POLICIES (continued)

#### 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 2. ACCOUNTING POLICIES (continued)

#### 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

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

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

#### 2.4 MATERIAL ACCOUNTING POLICIES

##### Investments in associates

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Investments in associates (continued)

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

##### Business combinations and goodwill

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

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

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

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

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

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Business combinations and goodwill (continued)

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

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

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

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

##### Fair value measurement

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

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

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Fair value measurement (continued)

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

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

##### Impairment of non-financial assets

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

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

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Impairment of non-financial assets (continued)

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

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

##### Related parties

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

- (a) the party is a person or a close member of that person's family and that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Related parties (continued)

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

##### Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Property, plant and equipment and depreciation (continued)

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

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

Buildings	4.75% to 4.85%
Leasehold improvements	Shorter of the remaining period of the leases and the useful life of the assets
Equipment, materials and moulds	3.50% to 32.33%
Office and other equipment	9.00% to 32.33%
Motor vehicles	18.00% to 24.25%

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

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

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Intangible assets (other than goodwill)

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

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

##### *Software*

Software is stated at historical cost less any impairment loss and is amortised on the straight-line basis over its estimated useful life of 5 to 10 years.

The software mainly comprises Enterprise Resource Planning system (the "ERP system") and Systems Applications and Products in Data Processing system ("SAP financial system"). The management estimates the useful life of ERP system and SAP financial system as 10 years based on historical experience and estimated lifecycle of the software according to the Group's business plan.

##### *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, commencing from the date when the products are put into commercial production.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Leases

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

##### *Group as a lessee*

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

##### (a) Right-of-use assets

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

Leasehold land	40 to 50 years
Offices	1 to 6 years
Motor	5 years
Equipment	3 to 5 years

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

##### (b) Lease liabilities

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

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Leases (continued)

##### *Group as a lessee (continued)*

##### (b) Lease liabilities (continued)

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

##### (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 equipment and offices (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.

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.

##### *Sale and leaseback transactions with variable lease payments that do not depend on an index or a rate where the Group acts as a seller-lessee*

For sale and leaseback transactions with variable lease payments that do not depend on an index or a rate, lease liabilities are recognised at the commencement date of the leasebacks at the present value of expected lease payments to be made over the lease term. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the expected lease payments. Any differences between the payments made for the lease and the lease payments that reduce the carrying amount of lease liabilities are recognised in profit or loss.

##### *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 term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Leases (continued)

##### *Group as a lessor (continued)*

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

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

##### Repossessed assets

Repossessed assets are initially recognised at fair value on the date of repossession, and the related trade receivables together with the related impairment allowances are derecognised from the statement of financial position. Subsequently, repossessed assets are measured at the lower of their cost and fair values less costs to sell and are presented as other assets.

##### Investments and other financial assets

##### *Initial recognition and measurement*

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Investments and other financial assets (continued)

###### *Initial recognition and measurement (continued)*

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

###### *Subsequent measurement*

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

###### *Financial assets at amortised cost (debt instruments)*

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

###### *Financial assets at fair value through other comprehensive income (debt instruments)*

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

###### *Financial assets at fair value through profit or loss*

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

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

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Derecognition of financial assets

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

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

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

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

##### Impairment of financial assets

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

##### *General approach*

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

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Impairment of financial assets (continued)

###### *General approach (continued)*

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

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

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

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

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

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

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

###### *Simplified approach*

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

For lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Financial liabilities

###### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include trade and bills payables, other payables and accruals, derivative financial instruments, interest-bearing bank and other borrowings, financial liabilities at fair value through profit or loss.

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

###### *Subsequent measurement*

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

###### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Financial liabilities (continued)

##### *Subsequent measurement (continued)*

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

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

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

##### Derecognition of financial liabilities

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

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

##### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

##### Derivative financial instruments and hedge accounting

##### *Initial recognition and subsequent measurement*

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Derivative financial instruments and hedge accounting (continued)

##### *Initial recognition and subsequent measurement (continued)*

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is “an economic relationship” between the hedged item and the hedging instrument.
- The effect of credit risk does not “dominate the value changes” that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Derivative financial instruments and hedge accounting (continued)

##### *Initial recognition and subsequent measurement (continued)*

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

##### *Cash flow hedges*

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

##### **Other borrowings on ordinary shares with redemption obligation**

For the redeemable ordinary shares issued by the Company as detailed in note 33, financial liabilities are recognised based on the net present value of the redemption amount and debited to equity. Changes of net present value during the reporting periods are recognised in profit or loss. When the redemption rights related to the redeemable ordinary shares are terminated, redemption liabilities on ordinary shares are extinguished and credited to equity.

##### **Treasury shares**

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Inventories

Inventories are goods valued at the lower of cost and net realisable value at the end of each of the reporting period. The cost of inventories issued is determined on the weighted-average basis and specific identification basis, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. The difference between the cost and the lower net realisable value is stated as a provision. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs to be incurred to completion and estimated expenses and related taxes necessary to make the sale.

##### Cash and cash equivalents

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

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

##### Provisions

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

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

##### Income tax

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

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

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except that deferred tax is not recognised for the Pillar Two income taxes.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Income tax (continued)

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Income tax (continued)

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

##### Government grants

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

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

##### Revenue recognition

The Group is principally engaged in the operating lease services, engineering and technical services and asset management and other services. Asset management and other services include asset management services (mainly referring to subleasing services and related maintenance services) and sale of goods (mainly referring to the sale of new equipment, second-hand equipment and materials).

##### *Revenue from operating lease income*

Operating lease income, for which the Group provides operating lease services and subleasing services, covers income from the leasing of various types of equipment and materials on a daily, weekly, monthly, yearly or project-by-project basis based on customers' needs. Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

##### *Revenue from contracts with customers*

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

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Revenue recognition (continued)

##### *Revenue from contracts with customers (continued)*

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

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

##### (a) Sale of goods

Revenue from the sale of goods, including sales of materials and sales of second-hand equipment, is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

##### (b) Engineering and technical services

Revenue from the provision of construction services is recognised over time, based on the quantities of work completed, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

##### Contract assets

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

##### Contract liabilities

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

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Contract costs

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

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

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

##### Share-based payments

The Company operates a share option scheme and a restricted share award scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using appropriate valuation models, further details of which are given in notes 31 and 32 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Share-based payments (continued)

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

##### Employee benefits

Salaries and bonuses, social security contributions and other short-term employee benefits are accrued in which services have been rendered by the employees of the Group.

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

##### *Termination benefits*

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

Contributions to these plans are recognised in profit or loss as incurred.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Borrowing costs

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

##### Events after the reporting period

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

##### Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

##### Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Foreign currencies (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions. The functional currency of the Company is RMB.

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

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

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

#### Judgements

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

#### Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period as part of the lease term due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., one to five years) and there will be a significant negative effect on production if a replacement is not readily available.

#### Classification between finance leases and operating leases

A lessor shall classify each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Judgements (continued)

##### Classification between finance leases and operating leases (continued)

Situations that would normally lead to a lease being classified as a finance lease include the following:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable and, at the inception of the lease, it is reasonably certain that the option will be exercised;
- the lease term is for the major part of the economic life of the asset, even if title is not transferred;
- at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset; and
- the leased assets are of a specialised nature such that only the lessee can use them without major modifications being made.

If it is clear from other features that the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset, the lease is classified as an operating lease. The determination of whether the Group has transferred substantially all the risks and rewards incidental to ownership depends on an assessment of the relevant arrangements relating to the lease and this involves critical judgements by management.

##### Determining the timing of satisfaction of construction services

The Group concluded that revenue from the construction services is recognised over time, based on the quantities of work completed, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The fact that the Group is building on the customer's construction site and the customer generally controls any work in progress arising from the Group's performance demonstrates that the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Judgements (continued)

##### Classification of transactions which contain a financing element

Transactions for the purchase of materials and equipment contains financing elements such as extended payment terms. Under such arrangement, the banks will pay upon delivery of product by the supplier and the Group will subsequently settle the liability directly with banks. Management considers the underlying economic substance of the transaction and the significance of the financing element to the transaction. Judgement is required to determine the most appropriate classification and presentation of these transactions within the statements of cash flows and financial position. The economic substance of the transaction is determined to be financing in nature as the financing element is significant and the time frame in which the arrangement is extended by over 9 to 10 months within original supply terms. As a result, the entire cash flow is presented as operating and financing in the statement of cash flows. Therefore, the supplier finance arrangement was significantly different from the one in the original invoice and the liabilities were included in interest-bearing bank and other borrowings, with a total amount of RMB121,972,000 as at the end of the reporting period (31 December 2024: RMB105,340,000). There are non-cash changes showed in the consolidated statements of cash flows.

##### Deferred tax assets

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

The tax losses carried forward by the Group related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward. Further details on deferred taxes are disclosed in note 19 to the financial statements.

##### Estimation uncertainty

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

##### Provision for expected credit losses on financial assets ("ECLs")

The measurement of impairment losses under HKFRS 9 across debt instruments recorded at financial assets at fair value through other comprehensive income, trade receivables, financial assets included in prepayments, other receivables, other assets and contract assets require judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Estimation uncertainty (continued)

##### Provision for expected credit losses on financial assets ("ECLs") (continued)

The Group's ECLs calculations are outputs of appropriate models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- (i) The Group's internal credit grading model, which assigns the probability of defaults (PDs) to the individual grades
- (ii) The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment
- (iii) Development of ECL models, including the various formulas and the choice of inputs
- (iv) Determination of associations between macroeconomic scenarios and economic inputs, and the effect on PDs, the exposure at defaults (EADs) and the loss given defaults (LGDs)

The Group will regularly review the expected credit loss model in the context of actual loss experience and adjust when necessary.

#### Impairment of non-financial assets (other than goodwill)

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

#### Share-based payments

Estimating the fair value for share-based payment transactions requires determination of an appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including volatility, the expected exercise behaviour and dividend yield, etc, and making assumptions about them. The assumptions and models used for estimating the fair value for share-based payment transactions are disclosed in notes 31 and 32.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 4. OPERATING SEGMENT INFORMATION

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

- (i) Operating lease services: Leasing of equipment and materials to customers and generating revenue mainly from rental fees payable by customers. The equipment and materials remain the property of the Group and are leased out to different customers with same or similar requirements;
- (ii) Engineering and technical services: Provision of construction services, electric power supply services, equipment repair and maintenance services and logistics services, and related value-added services, and generating revenue mainly from service fees charged to customers; and
- (iii) Asset management and other services: Subleasing and sale of equipment and materials.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that other income and gains (other than gain on disposal of items of property, plant and equipment and early termination of right-of-use assets), non-financial lease-related finance costs, ECLs of other receivables, as well as other expenses (other than loss on scrapped and physical items of property, plant and equipment).

Segment assets exclude investment in associates, deferred tax assets, derivative financial instruments, restricted bank balances, cash and cash equivalents as well as other receivables and other assets.

Segment liabilities exclude other payables and accruals (other than lease deposits, salary and welfare payables, advances from customers, contract liabilities and dividend payables), interest-bearing bank and other borrowings, tax payables, derivative financial instruments, deferred tax liabilities, financial liabilities at fair value through profit or loss and deferred revenue.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 4. OPERATING SEGMENT INFORMATION (continued)

As at and for the year ended 31 December 2025

	Operating lease services	Engineering and technical services	Asset management and other services	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Segment revenue (note 5)</b>				
Sales to external customers	5,191,671	2,193,527	1,973,994	9,359,192
Intersegment sales	–	–	–	–
Revenue	5,191,671	2,193,527	1,973,994	9,359,192
<b>Segment results</b>	<b>865,989</b>	<b>26,841</b>	<b>76,184</b>	<b>969,014</b>
<i>Reconciliation:</i>				
Unallocated other income and gains				20,349
Unallocated other expenses				(25,312)
Unallocated finance costs				(773,018)
Unallocated ECLs				17,833
Profit before tax				208,866
<b>Segment assets</b>	<b>23,021,005</b>	<b>8,632,447</b>	<b>550,744</b>	<b>32,204,196</b>
<i>Reconciliation:</i>				
Corporate and other unallocated assets				4,164,151
Total assets				36,368,347
<b>Segment liabilities</b>	<b>2,778,425</b>	<b>1,201,864</b>	<b>84,900</b>	<b>4,065,189</b>
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				20,978,313
Total liabilities				25,043,502
<b>Other segment information</b>				
Impairment losses recognised in profit or loss, net	(55,586)	(33,031)	(3,692)	(92,309)
Unallocated impairment losses of financial and contract assets				(17,833)
Unallocated impairment losses of repossessed assets				51,728
Total impairment losses recognised in profit or loss, net				(58,414)
Depreciation and amortisation	2,216,718	891,079	–	3,107,797
Capital expenditure*	1,704,581	685,210	–	2,389,791

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 4. OPERATING SEGMENT INFORMATION (continued)

As at and for the year ended 31 December 2024

	Operating lease services	Engineering and technical services	Asset management and other services	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Segment revenue (note 5)</b>				
Sales to external customers	4,620,986	3,751,364	3,208,712	11,581,062
Intersegment sales	–	–	–	–
Revenue	4,620,986	3,751,364	3,208,712	11,581,062
<b>Segment results</b>	966,482	323,945	487,044	1,777,471
<i>Reconciliation:</i>				
Unallocated other income and gains				224,585
Unallocated other expenses				(20,089)
Unallocated finance costs				(777,240)
Unallocated ECLs				(4,568)
Profit before tax				1,200,159
<b>Segment assets</b>	20,352,012	9,688,434	1,568,390	31,608,836
<i>Reconciliation:</i>				
Corporate and other unallocated assets				4,825,345
Total assets				36,434,181
<b>Segment liabilities</b>	2,189,639	1,219,931	98,815	3,508,385
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				21,467,446
Total liabilities				24,975,831
<b>Other segment information</b>				
Impairment losses recognised in profit or loss, net	36,403	52,644	13,759	102,806
Unallocated impairment losses of financial and contract assets				4,568
Unallocated impairment losses of repossessed assets				13,457
Total impairment losses recognised in profit or loss, net				120,831
Depreciation and amortisation	1,767,616	872,298	–	2,639,914
Capital expenditure*	4,757,066	2,347,557	–	7,104,623

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

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 4. OPERATING SEGMENT INFORMATION (continued)

#### Geographical information

	For the year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Revenue from external customers		
Chinese Mainland	<b>7,895,680</b>	11,170,131
Outside Chinese Mainland	<b>1,463,512</b>	410,931
Total	<b>9,359,192</b>	11,581,062

The revenue information above is based on the locations of the customers. Revenue from outside the Chinese Mainland is mainly generated from Hong Kong, Southeast Asia and the Middle East markets.

	31 December 2025	31 December 2024
	RMB'000	RMB'000
	Total operating assets	
Chinese Mainland	<b>26,354,769</b>	27,953,970
Outside Chinese Mainland	<b>5,849,427</b>	3,654,866
Total	<b>32,204,196</b>	31,608,836

#### Information about major customers

Total operating revenue from sales to the five largest customers accounted for 10.27% of the Group's revenue for the year ended 31 December 2025 (2024: 11.23%).

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 5. REVENUE

An analysis of the revenue is as follows:

	For the year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Revenue from operating lease income		
Operating lease services	5,191,671	4,620,986
Subleasing	1,255,222	1,736,423
Subtotal	6,446,893	6,357,409
Revenue from contracts with customers	2,912,299	5,223,653
Total	9,359,192	11,581,062

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 5. REVENUE (continued)

#### Revenue from contracts with customers:

##### (a) Disaggregated revenue information:

For the year ended 31 December 2025

Segments	Engineering and technical services	Asset management and other services	Total
	RMB'000	RMB'000	RMB'000
<b>Type of goods or services</b>			
Engineering and technical services	2,193,527	–	2,193,527
Sale of goods	–	718,772	718,772
Total	2,193,527	718,772	2,912,299
<b>Geographical markets</b>			
Chinese Mainland	2,096,153	683,576	2,779,729
Outside Chinese Mainland	97,374	35,196	132,570
Total	2,193,527	718,772	2,912,299
<b>Timing of revenue recognition</b>			
Goods transferred at a point in time	–	718,772	718,772
Services transferred over time	2,193,527	–	2,193,527
Total	2,193,527	718,772	2,912,299

For the year ended 31 December 2024

Segments	Engineering and technical services	Asset management and other services	Total
	RMB'000	RMB'000	RMB'000
<b>Type of goods or services</b>			
Engineering and technical services	3,751,364	–	3,751,364
Sale of goods	–	1,472,289	1,472,289
Total	3,751,364	1,472,289	5,223,653
<b>Geographical markets</b>			
Chinese Mainland	3,729,321	1,465,155	5,194,476
Outside Chinese Mainland	22,043	7,134	29,177
Total	3,751,364	1,472,289	5,223,653
<b>Timing of revenue recognition</b>			
Goods transferred at a point in time	–	1,472,289	1,472,289
Services transferred over time	3,751,364	–	3,751,364
Total	3,751,364	1,472,289	5,223,653

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 5. REVENUE (continued)

#### Revenue from contracts with customers: (continued)

##### (a) Disaggregated revenue information: (continued)

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

	For the year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the year:		
Engineering and technical services	44,063	25,380
Sale of goods	32,436	19,695
Total	76,499	45,075

##### (b) Performance obligations

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

###### *Sale of goods*

The performance obligation is satisfied upon delivery of the goods.

###### *Engineering and technical services*

The performance obligation is satisfied over time as services are rendered. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 5. REVENUE (continued)

#### Revenue from contracts with customers: (continued)

##### (b) Performance obligations (continued)

##### *Engineering and technical services (continued)*

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

	31 December 2025	31 December 2024
	RMB'000	RMB'000
Amounts expected to be recognised as revenue:		
Within one year	453,615	1,187,256
After one year	194,407	508,824
Total	648,022	1,696,080

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year are related to engineering and technical services, of which the performance obligations are to be satisfied within three years. The amounts disclosed above do not include variable consideration which is constrained.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 6. OTHER INCOME AND GAINS

	Notes	For the year ended 31 December	
		2025	2024
		RMB'000	RMB'000
<b>Other income</b>			
Government grants	(a)	142,554	133,492
Bank interest income		5,786	17,246
Additional VAT reduction	(b)	–	18,381
<b>Total other income</b>		<b>148,340</b>	169,119
<b>Gains</b>			
Gain on disposal of items of property, plant and equipment and early termination of right-of-use assets		29,525	14,082
Gains on financial assets at fair value through profit or loss		315	570
Fair value gains on derivative instruments – not for hedge accounting		–	3,732
Exchange gains		–	39,949
Others		14,562	11,215
<b>Total gains</b>		<b>44,402</b>	69,548
<b>Total other income and gains</b>		<b>192,742</b>	238,667

Notes:

(a) Government grants

Government grants have been received from local government authorities as subsidies to the Group. In the opinion of management, there were no unfulfilled conditions or contingencies relating to these grants.

	For the year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Government special subsidies	142,554	133,492

(b) According to *Announcement of the Ministry of Finance and the State Taxation Administration on the Clarification of Value-Added Tax Reduction and Exemption for Small-Scale Value-Added Tax Taxpayers and Other Policies* (Announcement No. 1 [2023] of the Ministry of Finance and the State Taxation Administration), the additional VAT reduction policy continued to be implemented by 31 December 2023. The additional VAT reduction in the year ended 31 December 2024 was in relation to the VAT paid in December 2023.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 7. PROFIT BEFORE TAX

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

				For the year ended 31 December	
				2025	2024
				RMB'000	RMB'000
	Notes				
Cost of operating lease services			<b>3,524,547</b>	2,858,228	
Cost of engineering and technical services provided			<b>1,835,700</b>	2,761,118	
Cost of asset management and other services provided			<b>1,532,509</b>	2,187,120	
Depreciation of property, plant and equipment <sup>(a)</sup>	14		<b>63,014</b>	70,112	
Depreciation of right-of-use assets <sup>(b)</sup>	15(a)		<b>79,322</b>	68,157	
Amortisation of intangible assets	17		<b>1,238</b>	786	
Rental expenses	15(c)		<b>75,533</b>	49,768	
Auditor's remuneration			<b>10,349</b>	6,258	
Employee benefit expense (including directors' and chief executive's remuneration (note 8))					
Wages and salaries			<b>447,748</b>	565,689	
Pension scheme contributions			<b>42,168</b>	55,737	
Equity-settled share-based payment expense			<b>9,253</b>	12,254	
Other employee benefits			<b>101,275</b>	92,119	
ECLs of financial and contract assets:					
ECLs on financial assets included in prepayments, other receivables and other assets	21		<b>(17,833)</b>	4,568	
ECLs on trade receivables	22		<b>(67,607)</b>	144,895	
ECLs on contract assets	23		<b>(6,481)</b>	30,432	
ECLs on debt investments at fair value through other comprehensive income	24		<b>(18,221)</b>	(72,521)	
Impairment of repossessed assets			<b>51,728</b>	13,457	

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 7. PROFIT BEFORE TAX (continued)

				For the year ended 31 December	
				2025	2024
	Notes	RMB'000	RMB'000		
Research and development expenses:					
Current year expenditure		272,247	381,242		
Business travelling and transportation expenses		175,932	242,509		
Taxes and surcharges		70,260	48,968		
Information expenses		45,943	34,358		
Office expenses		41,158	43,017		
Litigation expenses		38,212	31,347		
Property management services expenses		37,118	46,498		
Consultancy fees		24,533	29,565		
Commission expenses		16,026	14,998		
Entertainment expenses		12,546	19,138		
Advertising and promotional expenses		5,939	3,254		
Exchange Losses		4,606	–		
Loss on scrapped and physical items of property, plant and equipment		1,454	478		
Provision		–	2,217		
Others		127,549	67,977		

- (a) Besides the depreciation as mentioned above, the depreciation of property, plant and equipment amounting to RMB2,660,609,000 for the year ended 31 December 2025 is included in cost of sales and research and development expenses (2024: RMB2,297,850,000).
- (b) Besides the depreciation as mentioned above, the depreciation of right-of-use assets amounting to RMB303,614,000 for the year ended 31 December 2025 is included in cost of sales (2024: RMB203,009,000).

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Certain of the directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors of these subsidiaries. Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	For the year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Fees	1,895	1,945
Other emoluments:		
Salaries, allowances and benefits in kind	2,437	2,303
Performance related bonuses	2,847	3,277
Equity-settled share-based payment expense	2,509	638
Pension scheme contributions	214	212
Subtotal	8,007	6,430
Total	9,902	8,375

During 2025, certain directors were granted share options and restricted shares, in respect of their services to the Group, under the share option scheme and the restricted share award scheme (the "Schemes") of the Company, details of which are set out in notes 31 and 32 to the financial statements, respectively.

#### (a) Independent non-executive directors

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

	For the year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Mr. Liu Jialin (劉嘉凌)	379	389
Mr. Xu Min (徐敏)	379	389
Ms. Jin Jinping (金錦萍)	379	389
Mr. Sum Siu Kei (岑兆基)	379	389
Total	1,516	1,556

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

#### (b) Non-executive directors

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

	For the year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Mr. He Ziming (何子明)	379	389
Mr. Kong Fanxing (孔繁星)	-	-
Mr. Xu Huibin (徐會斌)	-	-
Mr. Yuan Shaozhen (袁少震)	-	-
Ms. Guo Lina (郭麗娜)	-	-
<b>Total</b>	<b>379</b>	<b>389</b>

#### (c) Executive directors

For the year ended 31 December 2025

	Salaries, allowances and benefits in kind	Performance related bonuses	Equity-settled share-based payment expense	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Zhan Jing (詹靜)	1,505	1,980	2,029	107	5,621
Mr. Tang Li (唐立)	932	867	480	107	2,386
<b>Total</b>	<b>2,437</b>	<b>2,847</b>	<b>2,509</b>	<b>214</b>	<b>8,007</b>

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

#### (c) Executive directors (continued)

For the year ended 31 December 2024

	Salaries, allowances and benefits in kind	Performance related bonuses	Equity-settled share-based payment expense	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Zhan Jing (詹靜)*	–	–	–	–	–
Mr. Tang Li (唐立)	925	867	638	106	2,536
Mr. Pan Yang (潘陽)*	1,378	2,410	–	106	3,894
<b>Total</b>	<b>2,303</b>	<b>3,277</b>	<b>638</b>	<b>212</b>	<b>6,430</b>

\* On 30 December 2024, Mr. Pan Yang resigned as an executive director and the chief executive officer of the Company, and Mr. Zhan Jing was appointed as the executive director and chief executive officer of the Company.

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

### 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the year ended 31 December 2025 included two executive directors (2024: two executive directors), and details of whose remuneration are set out in note 8 above. Details of the remuneration during the year of the remaining three (2024: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	For the year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	2,730	2,851
Performance related bonuses	2,551	2,676
Equity-settled share-based payment expense	(1,002)	1,914
Pension scheme contributions	294	317
<b>Total</b>	<b>4,573</b>	<b>7,758</b>

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 9. FIVE HIGHEST PAID EMPLOYEES (continued)

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

	For the year ended 31 December	
	2025	2024
HKD Nil to HKD1,500,000	1	–
HKD1,500,001 to HKD2,000,000	1	–
HKD2,000,001 to HKD2,500,000	–	–
HKD2,500,001 to HKD3,000,000	1	2
HKD3,000,001 to HKD3,500,000	–	1
Total	3	3

During the year ended 31 December 2025, no highest paid employees waived or agreed to waive any remuneration and no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

During the year ended 31 December 2025, certain highest paid employees were granted share options and restricted shares, in respect of their services to the Group, under the Schemes, details of which are set out in notes 31 and 32 to the financial statements, respectively.

In 2024, a trust scheme (“2024 Trust Scheme”) was established. The beneficiaries of the 2024 Trust Scheme comprised certain employees of the Group (including senior management) and directors. During the year ended 31 December 2025, no distribution was made to senior management and directors under the aforesaid 2024 Trust Scheme.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 10. FINANCE COSTS

An analysis of finance costs is as follows:

	For the year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Interest on interest-bearing bank and other borrowings	773,018	777,240
Interest on lease liabilities (note 15(c))	32,285	28,587
Total	805,303	805,827

### 11. INCOME TAX

	For the year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Current		
Charge for the year	113,316	319,130
Deferred tax (note 19)	(51,426)	(15,293)
Total	61,890	303,837

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands, the Company and the Group's subsidiaries incorporated in the Cayman Islands are not subject to any income tax.

According to applicable tax regulations prevailing in the PRC, dividends distributed by a company established in the Chinese Mainland to a foreign investor with respect to profit derived after 1 January 2008 are generally subject to a 10% withholding tax. If a foreign investor is incorporated in Hong Kong, under the double taxation arrangement between the Chinese Mainland and Hong Kong, the relevant withholding tax rate applicable to such foreign investor will be reduced from 10% to 5% subject to the fulfilment of certain conditions.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 11. INCOME TAX (continued)

In the opinion of the directors of the Company, the Group's fund will be retained in the Chinese Mainland for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. As at 31 December 2025, the aggregate amount of unrecognised deferred tax liabilities (i.e., withholding taxes relating to such temporary differences) was approximately RMB187,078,000 (2024: RMB171,074,000).

Dividends distributed from certain jurisdictions in which the Group's entities operate are also subject to withholding tax at respective applicable tax rates.

The provision for the Chinese Mainland current income tax was based on a statutory rate of 25% of the taxable profits for the period as determined in accordance with the PRC Income Tax Law and the respective regulations.

Subsidiaries of the Group operating in the Chinese Mainland were subject to the PRC corporate income tax with a tax rate of 25% for the year except for the following subsidiaries:

Company name	Corporate income tax rate
Shanghai Horizon Equipment & Engineering Co., Ltd.	15%
Guangzhou Hongtu Equipment & Engineering Co., Ltd.	15%

Shanghai Horizon Equipment & Engineering Co., Ltd. was accredited as High and New Technology Enterprise (the "HNTE") since 2015, while Guangzhou Hongtu Equipment & Engineering Co., Ltd. was accredited as HNTE since 2020, and both of them were entitled to a preferential PRC corporate income tax rate of 15% thereafter. The HNTE certificates of Shanghai Horizon Equipment & Engineering Co., Ltd. and Guangzhou Hongtu Equipment & Engineering Co., Ltd. need to be renewed every three years in order to enable to enjoy the reduced tax rate of 15%. Shanghai Horizon Equipment & Engineering Co., Ltd. was entitled to a tax rate of 15% till 26 December 2027 and is expected to continue to enjoy this thereafter. Guangzhou Hongtu Equipment & Engineering Co., Ltd. was entitled to a tax rate of 15% till 28 December 2026 and is expected to continue to enjoy this thereafter.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 11. INCOME TAX (continued)

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate are as follows:

	For the year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Profit before tax	208,866	1,200,159
Tax at the statutory income tax rate	52,217	300,040
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	–	20,000
Effects of different tax rates applicable to different subsidiaries of the Group	(3,157)	(4,775)
Effects of preferential tax benefits to subsidiaries incorporated in the Chinese Mainland	(26,145)	(94,580)
Expenses not deductible for tax	19,091	10,145
Adjustment on current income tax in respect of prior periods	4,662	16,573
Utilisation of previously unrecognised tax losses and temporary differences	5,636	(243)
Unrecognised tax losses and temporary differences	9,586	56,677
Tax charge at the Group's effective rate	61,890	303,837

#### Pillar Two income taxes

The Group is within the scope of Pillar Two model rules. The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group in the current year. As such, it may not be entirely representative of future circumstances. Based on the assessment, the Group should benefit from the transitional safe harbour for all the jurisdictions in which the Group operates. Therefore, the Group does not expect potential exposure to Pillar Two "top-up" taxes.

### 12. DIVIDENDS

The board of directors ("The Board") approved the declaration of a final dividend of HKD0.045 per share for the year ended 31 December 2024 to the shareholders of the Company whose names appeared on the register of members of the Company on 11 June 2025. The total dividend payable of RMB132,873,000 was paid by the Company on 2 July 2025.

The Board recommends the declaration of a final dividend of HKD0.016 per share (2024: HKD0.045) for the year ended 31 December 2025 to the shareholders whose names appear on the register of members of the Company on Wednesday, 17 June 2026, subject to approval at the annual general meeting to be held on Tuesday, 9 June 2026. The proposed final dividend is expected to be distributed to shareholders on Thursday, 9 July 2026.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

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

The calculation of the basic earnings per share amount is based on the consolidated profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,134,061,656 outstanding during the year (2024: 3,176,285,333).

The calculation of the diluted earnings per share amount is based on the consolidated profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the effects as if the dilutive potential ordinary shares do not exist at the beginning of the year. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

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

	2025	2024
	RMB'000	RMB'000
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<b>146,976</b>	896,322
<b>Number of shares</b>		
	2025	2024
<b>Shares</b>		
Weighted average number of ordinary shares outstanding during the year, used in the basic earnings per share calculation	<b>3,134,061,656*</b>	3,176,285,333
Effect of dilution – weighted average number of ordinary shares: Share options	–**	90,640
Weighted average number of ordinary shares for diluted earnings per share	<b>3,134,061,656</b>	3,176,375,973

\* The weighted average number of shares was after taking into account the effect of shares held for the share award scheme.

\*\* The details of the share option scheme are disclosed in note 31 to the financial statements. As the exercise price of the share options was higher than the average market price of the Company during the period, no adjustment has been made to the diluted earnings per share as of 31 December 2025.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 14. PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2025

	Buildings	Leasehold improvements	Equipment, materials and moulds for leasing and services	Equipment, materials and moulds for own use	Office and other equipment	Motor vehicles	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025:							
Cost	731,760	125,315	29,411,323	102,163	63,083	70,588	30,504,232
Accumulated depreciation and impairment	(212,619)	(90,970)	(7,799,525)	(48,394)	(49,572)	(57,749)	(8,258,829)
Net carrying amount	519,141	34,345	21,611,798	53,769	13,511	12,839	22,245,403
At 1 January 2025, net of accumulated depreciation and impairment	519,141	34,345	21,611,798	53,769	13,511	12,839	22,245,403
Additions	1,368	11,068	2,349,356	2,265	6,023	19,711	2,389,791
Acquisition of a subsidiary (note 34)	12,115	-	125,466	-	16,393	28,079	182,053
Disposals	(5,180)	-	(523,214)	(7,093)	(89)	(1,332)	(536,908)
Depreciation provided during the year	(35,132)	(14,386)	(2,656,643)	(775)	(6,353)	(10,334)	(2,723,623)
Exchange realignment	612	-	27,727	(923)	(92)	(608)	26,716
At 31 December 2025, net of accumulated depreciation and impairment	492,924	31,027	20,934,490	47,243	29,393	48,355	21,583,432
At 31 December 2025:							
Cost	741,201	136,383	30,679,558	54,874	80,167	181,158	31,873,341
Accumulated depreciation and impairment	(248,277)	(105,356)	(9,745,068)	(7,631)	(50,774)	(132,803)	(10,289,909)
Net carrying amount	492,924	31,027	20,934,490	47,243	29,393	48,355	21,583,432

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 14. PROPERTY, PLANT AND EQUIPMENT (continued)

As at 31 December 2024

	Buildings	Leasehold improvements	Equipment, materials and moulds for leasing and services	Equipment, materials and moulds for own use	Office and other equipment	Motor vehicles	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 1 January 2024:</b>							
Cost	720,429	87,779	24,657,552	83,632	61,112	61,524	25,672,028
Accumulated depreciation and impairment	(176,037)	(71,892)	(7,064,244)	(44,935)	(44,110)	(49,703)	(7,450,921)
Net carrying amount	544,392	15,887	17,593,308	38,697	17,002	11,821	18,221,107
<b>At 1 January 2024, net of accumulated depreciation and impairment</b>	544,392	15,887	17,593,308	38,697	17,002	11,821	18,221,107
Additions	11,331	37,536	6,999,966	39,551	6,049	10,190	7,104,623
Disposals	–	–	(730,593)	(12,300)	(1,126)	(234)	(744,253)
Depreciation provided during the year	(36,582)	(19,078)	(2,282,824)	(12,196)	(8,317)	(8,965)	(2,367,962)
Exchange realignment	–	–	31,941	17	(97)	27	31,888
<b>At 31 December 2024, net of accumulated depreciation and impairment</b>	519,141	34,345	21,611,798	53,769	13,511	12,839	22,245,403
<b>At 31 December 2024:</b>							
Cost	731,760	125,315	29,411,323	102,163	63,083	70,588	30,504,232
Accumulated depreciation and impairment	(212,619)	(90,970)	(7,799,525)	(48,394)	(49,572)	(57,749)	(8,258,829)
Net carrying amount	519,141	34,345	21,611,798	53,769	13,511	12,839	22,245,403

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 14. PROPERTY, PLANT AND EQUIPMENT (continued)

At 31 December 2025, certain of the Group's property, plant and equipment with a net carrying amount of RMB6,820,439,000 were pledged to secure other borrowings granted to the Group (31 December 2024: RMB8,985,210,000).

Movement in provision for impairment of property, plant and equipment in the year is as follows:

	Equipment, materials and moulds for leasing and services
	RMB'000
At 1 January 2024	101,805
Disposals	(42,608)
At 31 December 2024 and 1 January 2025	<b>59,197</b>
Disposals	<b>(1,314)</b>
At 31 December 2025	<b>57,883</b>

Measurement basis and major assumptions for determining the recoverable amount of the above asset groups are as follows:

The recoverable amount is determined based on the higher of the net amount of fair value of the cash-generating unit ("CGU") less costs to sell and the present value of the estimated future cash flows of the CGUs ("VIU").

The VIUs were calculated by discounting the estimated future cash flows based on the forecast rentals earned from the CGUs, which is determined based on management's best estimate. The cash flows over the forecast period had been determined based on historical rental arrangements such as rental income, occupancy rate. The estimated future cash flows were discounted to their present values using pre-tax rates of 10.5% as at 31 December 2025, which reflected the market assessments of the time value of money and the risks specific to the CGUs (31 December 2024: 11%).

The calculation of the fair value less costs to sell was based on observable market prices for the equipment with similar conditions and incremental costs for disposing of the asset.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 15. LEASES

#### The Group as a lessee

The Group has lease contracts for various items of leasehold land, offices, and equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of offices generally have lease terms between 1 and 6 years, while equipment generally has lease terms between 3 and 5 years or 12 months or less and/or is individually of low value.

#### (a) Right-of-use assets

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

	Leasehold land	Offices	Motor	Equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024	181,398	129,819	–	667,209	978,426
Additions	–	87,618	–	145,096	232,714
Depreciation charge	(4,705)	(63,452)	–	(203,009)	(271,166)
Disposal	–	(34,835)	–	–	(34,835)
As at 31 December 2024 and 1 January 2025	<b>176,693</b>	<b>119,150</b>	<b>–</b>	<b>609,296</b>	<b>905,139</b>
Additions	–	<b>65,853</b>	–	<b>528,834</b>	<b>594,687</b>
Acquisition of a subsidiary (note 34)	–	<b>2,163</b>	<b>2,961</b>	<b>55,264</b>	<b>60,388</b>
Depreciation charge	<b>(4,705)</b>	<b>(74,617)</b>	<b>(120)</b>	<b>(303,494)</b>	<b>(382,936)</b>
Disposal	–	<b>(12,942)</b>	–	<b>(259,919)</b>	<b>(272,861)</b>
As at 31 December 2025	<b>171,988</b>	<b>99,607</b>	<b>2,841</b>	<b>629,981</b>	<b>904,417</b>

As at 31 December 2025 and 2024, the Group has obtained all the land ownership certificates.

At the end of the year, no leasehold land of the Group was pledged as security for the Group's bank borrowings.

Measurement basis and major assumptions for determining the recoverable amounts of the above equipment categorised in right-of-use assets of the Group are disclosed in note 14 to the financial statements.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 15. LEASES (continued)

#### The Group as a lessee (continued)

##### (b) Lease liabilities:

The carrying amount of lease liabilities and the movements during the year are as follows:

	31 December 2025	31 December 2024
	RMB'000	RMB'000
<b>Carrying amount at the beginning of year</b>	<b>633,582</b>	693,604
New leases	594,687	232,714
Additions as a result of acquisition of subsidiaries (note 34)	38,027	–
Accretion of interest recognised during the year (note 10)	32,285	28,587
Payments	(556,939)	(286,081)
Disposal	(133,790)	(35,242)
<b>Carrying amount at the end of year</b>	<b>607,852</b>	633,582
Analysed into:		
Current portion	225,534	204,088
Non-current portion	382,318	429,494

The maturity analysis of lease liabilities is disclosed in note 42 to the financial statements.

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

	2025	2024
	RMB'000	RMB'000
Interest on lease liabilities (note 10)	32,285	28,587
Depreciation charge on right-of-use assets	382,936	271,166
Rent expensed directly to profit or loss	75,533	49,768
Cost of re-rent fees	499,814	597,168
<b>Total amount recognised in profit or loss</b>	<b>990,568</b>	946,689

(d) The total cash outflow for leases is disclosed in note 35 to the financial statements.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 15. LEASES (continued)

#### The Group as a lessor

The Group mainly leases its equipment, materials and moulds in the Chinese Mainland under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group amounted to RMB6,446,893,000 for the year ended 31 December 2025, details of which are included in note 5 to the financial statements (2024: RMB6,357,409,000).

At the end of the reporting period, the undiscounted lease payments receivable by the Group in future period under operating leases with its tenants are as follows:

	31 December 2025	31 December 2024
	RMB'000	RMB'000
Within 1 year	<b>4,877,608</b>	4,951,677
After 1 year but within 2 years	<b>688,276</b>	734,947
After 2 years but within 3 years	<b>49,067</b>	175,880
Total	<b>5,614,951</b>	5,862,504

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 16. GOODWILL

Reconciliation of the carrying amount of the Group's goodwill at the beginning and end of the reporting period is presented below:

	RMB'000
Gross carrying amount	
At 1 January 2025	–
Acquisition of a subsidiary (note 34)	<b>173,979</b>
At 31 December 2025	<b>173,979</b>
Accumulated impairment losses	
At 1 January 2025	–
Impairment losses recognised during the period	–
At 31 December 2025	–
Net book value	
At 1 January 2025	–
At 31 December 2025	<b>173,979</b>

The goodwill arose from the acquisition of TH Tong Heng Machinery Sdn. Bhd., a Malaysia based leading company in equipment leasing, repairing and trading, on 30 May 2025. This acquisition aligns with the Group's strategic initiative to expand its market share in Malaysia's equipment leasing sector.

Goodwill acquired through business combinations is allocated to each acquired subsidiary as the cash-generating units ("CGUs") within the operating lease services for impairment testing.

The recoverable amount of CGU within the operating lease services has been determined based on a value-in use calculation using cash flow projections based on financial budgets covering a five-year period and approved by senior management. The pre-tax discount rate applied to the cash flow projections is 15.8% (2024: Nil). The post-tax discount rate applied to the cash flow projections is 12.0% (2024: Nil).

Assumptions were used in the value-in-use calculation of each CGU within the operating lease services for 31 December 2025. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

Expected gross margin – the basis used to determine the value assigned to the expected gross margin is the gross margin achieved in the current year, adjusted for expected growth and other changes, and expected market development.

Discount rates – the discount rates used reflect specific risks relating to the units.

The values assigned to the key assumptions on market development of the operating lease services, and the discount rates are comparable to external information sources.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 17. OTHER INTANGIBLE ASSETS

	31 December 2025	31 December 2024
	RMB'000	RMB'000
<u>Software</u>		
At the beginning of year:		
Cost	12,787	8,997
Accumulated amortisation	(6,038)	(5,252)
Net carrying amount	6,749	3,745
Carrying amount at the beginning of year:	6,749	3,745
Acquisition of a subsidiary	-	3,790
Amortisation provided during the year (note 7)	(1,238)	(786)
Carrying amount at the end of year	5,511	6,749
At the end of year:		
Cost	12,787	12,787
Accumulated amortisation	(7,276)	(6,038)
Net carrying amount	5,511	6,749

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 18. INVESTMENT IN ASSOCIATES

	31 December 2025	31 December 2024
	RMB'000	RMB'000
Share of net assets	653	260

The Group's associates are as follows:

Name	Registered share capital	Place of registration and business	Ownership interest	Percentage of Profit sharing	Principal activities
CT HORIZON (THAILAND) CO., LTD.	Ordinary shares	Thailand	49	49	Rental, trade and repair of construction machinery and construction materials
Jiaxing Hongbang Technology Services Co., Ltd. (嘉興宏邦科技服務有限公司)*	RMB 2,000,000	PRC/ Chinese Mainland	19	19	Technology intermediary and digital services

\* The Group has the power to participate in the financial and operational policy decisions of the investee and has a significant influence over it.

### 19. DEFERRED TAX

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

#### Deferred tax assets

As at 31 December 2025

	Government special subsidy	Provision for impairment losses	Salaries and benefits payable	Share-based payments	Deductible tax loss	Unrealised intra-group transaction	Accrued interest expenses	Lease liabilities	Deferred tax asset arising from an interest rate swap	Unrealised foreign exchange losses	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2024 and 1 January 2025	1,448	245,682	27,088	1,689	57,119	33,237	25,183	105,149	260	513	856	498,224
Deferred tax credited/(charged) to profit or loss during the year (note 11)	(1,448)	(12,783)	(18,597)	3,688	94,985	-	(4,501)	(25,568)	-	(513)	-	35,263
Deferred tax charged to other comprehensive income during the year	-	-	-	-	-	-	-	-	(260)	-	-	(260)
Gross deferred tax assets at 31 December 2025	-	232,899	8,491	5,377	152,104	33,237	20,682	79,581	-	-	856	533,227

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 19. DEFERRED TAX (continued)

The movements in deferred tax assets and liabilities during the year are as follows: (continued)

#### Deferred tax assets (continued)

As at 31 December 2024

	Government special subsidy	Provision for impairment losses	Salaries and benefits payable	Share-based payments	Deductible tax loss	Unrealised intra-group transaction	Accrued interest expenses	Lease liabilities	Deferred tax asset arising from an interest rate swap	Unrealised foreign exchange losses	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2023 and 1 January 2024	1,505	245,613	32,383	-	50,830	-	36,518	109,828	387	-	520	477,584
Deferred tax credited/(charged) to profit or loss during the year (note 11)	(57)	69	(5,295)	1,689	6,289	33,237	(11,335)	(4,679)	-	513	336	20,767
Deferred tax charged to other comprehensive income during the year	-	-	-	-	-	-	-	-	(127)	-	-	(127)
Gross deferred tax assets at 31 December 2024	1,448	245,682	27,088	1,689	57,119	33,237	25,183	105,149	260	513	856	498,224

#### Deferred tax liabilities

As at 31 December 2025

	Right-of-use assets	Property, plant and equipment and intangible assets	Unrealised foreign exchange gains	Withholding tax	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2024 and 1 January 2025	119,597	3,259	2,560	10,000	135,416
Deferred tax charged/(credited) to profit or loss during the year (note 11)	(25,751)	22,148	(2,560)	(10,000)	(16,163)
Acquisition of subsidiaries during the year	-	27,307	-	-	27,307
Gross deferred tax liabilities at 31 December 2025	93,846	52,714	-	-	146,560

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 19. DEFERRED TAX (continued)

The movements in deferred tax assets and liabilities during the year are as follows: (continued)

#### Deferred tax liabilities (continued)

As at 31 December 2024

	Right-of-use assets	Property, plant and equipment and intangible assets	Unrealised foreign exchange gains	Withholding tax	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2023 and 1 January 2024	126,358	2,636	–	–	128,994
Deferred tax charged/(credited) to profit or loss during the year (note 11)	(6,761)	(325)	2,560	10,000	5,474
Acquisition of subsidiaries during the year	–	948	–	–	948
Gross deferred tax liabilities at 31 December 2024	119,597	3,259	2,560	10,000	135,416

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

	31 December 2025	31 December 2024
	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	386,667	362,808
Net deferred tax liabilities recognised in the consolidated statement of financial position	–	–

Tax losses arising in the Chinese Mainland will expire in five years for offsetting against future taxable profits. The Group did not recognise deferred tax assets in respect of unutilised tax losses of RMB323,579,000 (31 December 2024: RMB114,108,000).

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 20. INVENTORIES

	<b>31 December 2025</b>	31 December 2024
	RMB'000	RMB'000
Raw materials	<b>310,065</b>	189,183
Work in progress	<b>20,011</b>	38,420
Finished goods	<b>75,855</b>	17,508
Total	<b>405,931</b>	245,111

For the year ended 31 December 2025, no impairment loss on inventories was recognised as an expense (2024: Nil).

At the end of each year, no inventories of the Group were pledged as security for the Group's bank borrowings.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	31 December 2025	31 December 2024
	RMB'000	RMB'000
<b>Current</b>		
Tax recoverable	1,447,659	1,524,137
Prepayments	319,101	706,455
Deposits*	263,271	418,926
Other receivables	72,920	69,204
Due from related parties (note 39(c))	5,147	3,285
	<b>2,108,098</b>	2,722,007
ECLs	(31,840)	(49,596)
Subtotal	<b>2,076,258</b>	2,672,411
<b>Non-current</b>		
Reposessed assets**	422,466	376,327
Deposits*	237,080	325,766
Others	3,734	3,271
	<b>663,280</b>	705,364
ECLs	(183)	(260)
Subtotal	<b>663,097</b>	705,104
<b>Total</b>	<b>2,739,355</b>	3,377,515

\* As at 31 December 2025, current deposits of RMB29,633,000 were pledged for other borrowings granted to the Group (31 December 2024: Nil), and non-current deposits of RMB18,300,000 were pledged for other borrowings granted to the Group (31 December 2024: RMB83,406,000).

\*\* As at 31 December 2025, the carrying amount of reposessed assets was RMB422,466,000 (31 December 2024: RMB376,327,000), mainly comprising properties. Related allowance for impairment was RMB118,057,000 (31 December 2024: RMB66,329,000). The reposessed assets amounting to RMB12,748,000 (2024: RMB9,389,000) and RMB24,522,000 (2024: RMB504,145,000) were disposed of and settled by trade and bills payables for the year ended 31 December 2025, respectively. The Group plans to dispose of the reposessed assets held at 31 December 2025 by auction, bidding or transfer. The application of the certificates of some properties with a carrying amount of RMB370,631,000 (31 December 2024: RMB356,675,000) is still in process and the directors of the Company believe there is no significant impact on the Group's financial statements.

A credit loss analysis was performed at the end of the reporting period by considering the probability of default of comparable companies with published credit ratings. At the end of the reporting period, the ECLs of the financial assets included in prepayments, other receivables and other assets were measured based on the 12-month ECLs if they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on the lifetime ECLs.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (continued)

Movements in the credit loss for amounts due from related parties, other receivables, and rental and project deposits are as follows:

	31 December 2025	31 December 2024
	RMB'000	RMB'000
At the beginning of year	49,856	45,288
ECLs (note 7)	(17,833)	4,568
At the end of year	32,023	49,856

### 22. TRADE RECEIVABLES

	31 December 2025	31 December 2024
	RMB'000	RMB'000
Trade receivables	7,931,912	6,988,577
ECLs	(1,095,812)	(1,117,651)
Net carrying amount	6,836,100	5,870,926

Trade receivables mainly represent rentals and services receivables from tenants and engineering services. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified individual customers, there is no significant concentration of credit risk. The Group does not hold any other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

As at 31 December 2025, trade receivables of RMB700,000,000 (31 December 2024: RMB15,481,000) were factored out but were not derecognised. In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such factoring trade receivables, and accordingly, it continued to recognise the full carrying amounts of the trade receivables and the factoring amount was recognised as borrowings.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 22. TRADE RECEIVABLES (continued)

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

	31 December 2025	31 December 2024
	RMB'000	RMB'000
Within 6 months	3,292,393	3,418,575
6 months to 1 year	1,462,629	1,201,380
1 to 2 years	1,437,234	865,778
2 to 3 years	433,527	291,547
Over 3 years	210,317	93,646
Total	6,836,100	5,870,926

The movements in the credit loss for trade receivables are as follows:

	31 December 2025	31 December 2024
	RMB'000	RMB'000
At the beginning of year	1,117,651	998,911
ECLs (note 7)	(21,839)	144,895
Write-off	-	(26,155)
At the end of year	1,095,812	1,117,651

A credit loss analysis was performed at the end of the reporting period using the simplified approach. Under the simplified approach, the Group did not track changes in credit risk, but instead recognised a credit loss based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 22. TRADE RECEIVABLES (continued)

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

As at 31 December 2025

	Ageing					Total
	Less than 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	
Gross carrying amount (RMB'000)	3,500,905	1,560,745	1,823,846	651,055	395,361	7,931,912
ECLs (RMB'000)	208,512	98,116	386,612	217,528	185,044	1,095,812
ECLs rate	5.96%	6.29%	21.20%	33.41%	46.80%	13.82%

As at 31 December 2024

	Ageing					Total
	Less than 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	
Gross carrying amount (RMB'000)	3,843,853	1,366,140	1,167,396	446,934	164,254	6,988,577
ECLs (RMB'000)	425,278	164,760	301,618	155,387	70,608	1,117,651
ECLs rate	11.06%	12.06%	25.84%	34.77%	42.99%	15.99%

In 2025, the Group intensified collection activities for customers classified within the risk pool, leading to the recovery of a substantial portion of the outstanding carrying amounts. As a result, the previously recognized expected credit losses (ECL) were reversed. Concurrently, the implementation of stricter credit assessment criteria and the expansion of overseas operations contributed to an improved overall credit risk profile of the receivables portfolio. Following comprehensive risk assessment and approval, several customers were removed from the risk pool. These developments collectively led to a decline in the Group's overall ECL provision rate.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 23. CONTRACT ASSETS

	31 December 2025	31 December 2024
	RMB'000	RMB'000
Contract assets arising from:		
Engineering and technical services	729,298	829,364
ECLs	(69,035)	(75,516)
<b>Total</b>	<b>660,263</b>	<b>753,848</b>

Contract assets are initially recognised for revenue earned from engineering and technical services as the receipt of consideration depends on the milestone achieved and confirmed by the customer. Included in contract assets for engineering and technical services are retention receivables. Upon completion of installation or construction and confirmed by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

The Group's credit policy with customers is disclosed in note 22 to the financial statements.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 23. CONTRACT ASSETS (continued)

An ageing analysis of the contract assets as at the end of the reporting period is as follows:

	31 December 2025	31 December 2024
	RMB'000	RMB'000
Within 1 year	460,890	686,839
1 to 2 years	173,860	38,660
2 to 3 years	17,809	28,349
Over 3 years	7,704	–
Total	660,263	753,848

The movements in the credit losses for contract assets are as follows:

	31 December 2025	31 December 2024
	RMB'000	RMB'000
At the beginning of year	75,516	45,084
ECLs (note 7)	(6,481)	30,432
At the end of year	69,035	75,516

A credit loss analysis was performed at the end of the reporting period using the simplified approach. Under the simplified approach, the Group did not track changes in credit risk, but instead recognised a credit loss based on lifetime ECLs at the end of the reporting period. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The provision rates for the measurement of the ECLs of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases.

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

	31 December 2025	31 December 2024
	RMB'000	RMB'000
Gross carrying amount	729,298	829,364
ECLs	69,035	75,516
ECLs rate	9.47%	9.11%

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 24. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2025	31 December 2024
	RMB'000	RMB'000
Measured at fair values:		
Notes receivable	1,154,250	982,562
ECLs	(92,421)	(110,642)
Total	1,061,829	871,920

The above debt investments were classified as financial assets at fair value through other comprehensive income as the business model for the notes receivable was for both collecting contractual cash flows and discounting.

The Group's credit policy with customers is disclosed in note 22 to the financial statements.

Movements in the credit losses for debt investments at fair value through other comprehensive income are as follows:

	31 December 2025	31 December 2024
	RMB'000	RMB'000
At the beginning of year	110,642	183,163
ECLs (note 7)	(18,221)	(72,521)
At the end of year	92,421	110,642

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 24. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

Transferred financial assets that are not derecognised in their entirety:

During the year, the Group endorsed certain notes receivable accepted by banks in the Chinese Mainland to certain of its suppliers in order to settle the trade payables due to such suppliers (the “Endorsement”). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such endorsed bills, and accordingly, it continued to recognise the full carrying amounts of the endorsed bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the endorsed bills, including the sale, transfer or pledge of the endorsed bills to any other third parties. The incurred amount of the trade payables settled by the endorsed bills as at 31 December 2025 was RMB337,842,000 (31 December 2024: RMB209,972,000).

During the year, the Group discounted certain notes receivable to banks in exchange for cash (the “Discounted Bills”). The incurred amount of the notes receivable as at 31 December 2025 was RMB25,341,000 (31 December 2024: RMB53,741,000). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Discounted Bills, and accordingly, it continued to recognise the full carrying amounts of the Discounted Bills and the associated interest-bearing bank borrowings.

Transferred financial assets that are derecognised in their entirety:

During the year, the Group endorsed/discounted certain notes receivable accepted by banks in the Chinese Mainland to certain of its suppliers or in exchange for cash (the “Derecognised Bills”). The incurred amount of the notes receivable as at 31 December 2025 was RMB102,122,000 (31 December 2024: RMB178,615,000). In the opinion of the directors, the Group had transferred substantially all risk and rewards relating to the Derecognised Bills. Accordingly, it had derecognised the full carrying amount of the Derecognised Bills. The maximum exposure to loss from the Group’s continuing involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s continuing involvement in the Derecognised Bills are not significant.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 25. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES

	31 December 2025	31 December 2024
	RMB'000	RMB'000
Cash and bank balances	1,610,210	1,793,336
Less: Restricted bank balances	(88,205)	(9,918)
Cash and cash equivalents	1,522,005	1,783,418

As at 31 December 2025, the cash and bank balances of the Group denominated in RMB amounted to RMB1,404,035,000 (31 December 2024: RMB1,580,691,000). The RMB is not freely convertible into other currencies, however, under the Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

As at 31 December 2025, no cash at banks was pledged for bank borrowings (31 December 2024: RMB9,899,000).

As at 31 December 2025, cash at banks of RMB58,221,000 (31 December 2024: Nil) was restricted time deposits without pledge or any other encumbrances.

As at 31 December 2025, cash at banks of RMB29,808,000 (31 December 2024: Nil) was restricted bank deposits related to litigation.

As at 31 December 2025, the combined Paypal and Alipay balance was nil (31 December 2024: RMB19,000), which will be released only after the customer confirms receipt of the goods.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 26. TRADE AND BILLS PAYABLES

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

	31 December 2025	31 December 2024
	RMB'000	RMB'000
Within 1 year	<b>2,787,277</b>	2,286,012
1 to 2 years	<b>94,915</b>	46,747
2 to 3 years	<b>7,505</b>	20,301
Over 3 years	<b>34,547</b>	42,197
<b>Total</b>	<b>2,924,244</b>	2,395,257

The trade and bills payables are non-interest-bearing.

### 27. OTHER PAYABLES AND ACCRUALS

		31 December 2025	31 December 2024
	Notes	RMB'000	RMB'000
<b>Current</b>			
Advanced from customers		<b>313,231</b>	148,670
Other taxes payable		<b>228,694</b>	205,334
Other payables	(a)	<b>168,523</b>	112,825
Salary and welfare payables		<b>89,300</b>	207,979
Contract liabilities	(b)	<b>79,673</b>	87,929
Interest payable		<b>60,395</b>	76,756
Lease deposits		<b>30,258</b>	23,819
Due to related parties (note 39(c))		<b>23</b>	23
Dividend payables		<b>–</b>	7,904
<b>Subtotal</b>		<b>970,097</b>	871,239
<b>Non-current</b>			
Lease deposits		<b>20,632</b>	11,149
Provisions		<b>4,298</b>	4,298
<b>Subtotal</b>		<b>24,930</b>	15,447
<b>Total</b>		<b>995,027</b>	886,686

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 27. OTHER PAYABLES AND ACCRUALS (continued)

Notes:

- (a) Other payables are non-interest-bearing and repayable on demand.
- (b) Details of contract liabilities are as follows:

	31 December 2025	31 December 2024
	RMB'000	RMB'000
Short-term advances received from customers		
Engineering and technical services	56,855	45,613
Sale of goods	22,818	42,316
Total	79,673	87,929

Contract liabilities include short-term advances received to deliver goods and engineering and technical services. The change in contract liabilities in the year was mainly due to the change in short-term advances received from customers in relation to the delivery of goods and provision of engineering and technical services at the end of the year.

### 28. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2025			31 December 2024		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Current</b>						
Bank borrowings – unsecured <sup>(a)</sup>	1.08-2.90	2026	1,172,265	2.27-5.15	2025	787,555
Current portion of long-term bank borrowings – unsecured <sup>(a)</sup>	2.35-4.51	2026	3,641,813	3.00-4.90	2025	3,898,164
Current portion of long-term bank borrowings – secured <sup>(b)</sup>	N/A	N/A	–	3.50-3.80	2025	40,000
Current portion of long-term other borrowings – secured <sup>(c)</sup>	2.80-4.87	2026	37,620	N/A	N/A	–
Other borrowings – unsecured <sup>(d)</sup>	2.42-6.00	2026	700,000	3.25-3.45	2025	15,481
Other borrowings – secured <sup>(c)</sup>	2.75-5.37	2026	1,743,010	3.08-5.37	2025	1,794,298
Subtotal			7,294,708			6,535,498
<b>Non-current</b>						
Bank borrowings – unsecured <sup>(a)</sup>	2.35-4.25	2027-2032	8,973,258	3.00-4.90	2026-2031	8,165,602
Bank borrowings – secured <sup>(b)</sup>	N/A	N/A	–	3.50-3.80	2026-2029	263,000
Other borrowings – secured <sup>(c)</sup>	2.75-5.37	2027-2030	4,060,239	3.08-5.37	2026-2030	5,938,795
Subtotal			13,033,497			14,367,397
Total			20,328,205			20,902,895

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 28. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Analysed into:

	31 December 2025	31 December 2024
	RMB'000	RMB'000
Bank borrowings repayable:		
Within one year	4,814,078	4,725,719
In the second year	2,590,803	3,125,304
In the third to fifth years, inclusive	5,194,492	4,216,136
Beyond five years	1,187,963	1,087,162
Subtotal	13,787,336	13,154,321
Other borrowings repayable:		
Within one year	2,480,630	1,809,779
In the second year	1,502,051	1,837,204
In the third to fifth years, inclusive	2,558,188	3,956,493
Beyond five years	-	145,098
Subtotal	6,540,869	7,748,574
Total	20,328,205	20,902,895

Notes:

- (a) As at 31 December 2025, the Group's bank borrowings of RMB25,341,000 arose from un-derecognised discounted notes receivable, of which the Group retained the substantial risks and rewards (31 December 2024: RMB53,741,000).

As at 31 December 2025, bank borrowings of RMB121,972,000 arose from supplier finance arrangements (31 December 2024: RMB105,340,000). The Group has established supplier finance arrangements that are offered to some of the Group's key suppliers in the Chinese Mainland. Participation in the arrangements is at the suppliers' own discretion. Suppliers that participate in the supplier finance arrangements will receive early payments or payments at the original due dates on invoices sent to the Group from the Group's external finance provider. If suppliers choose to receive early payments, they pay a fee to the finance provider. In order for the finance provider to pay the invoices, the goods must have been received or supplied and the invoices must have been approved by the Group. Payments to suppliers ahead of or at the invoice due date are processed by the finance provider and, in all cases, the Group settles the original invoice by paying the finance provider in line with the original invoice maturity date or at a later date as agreed with the finance provider. Payment terms with suppliers have not been renegotiated in conjunction with the arrangements. The Group provides no security to the finance provider. The original payment terms these financial liabilities that are part of the Group's supplier finance arrangements included in the trade and bills payables are normally settled on terms of 30 to 60 days terms, whereas the payment terms for the above amounts of the Group's supplier finance arrangements for which included in interest-bearing bank and other borrowings are normally extended to no more than 1 year, and in a few instances, are extended to five years.

All financial liabilities that are part of the supplier finance arrangements are included in interest-bearing bank and other borrowings in the statement of financial position, with RMB121,972,000 (31 December 2024: RMB99,284,000) included in the current portion of unsecured bank loans and no amount included in the non-current portion of unsecured bank loans (31 December 2024: RMB6,056,000).

- (b) As at 31 December 2025, none of the long-term bank borrowings were secured by cash at bank (31 December 2024: long-term bank borrowings of RMB303,000,000 were secured by cash at bank amounting to RMB9,899,000).

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 28. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

- (c) As at 31 December 2025, long-term other borrowings of RMB5,840,869,000 (31 December 2024: RMB7,733,093,000) were secured by property, plant and equipment amounting to RMB6,820,439,000 (31 December 2024: RMB8,985,210,000) and deposits amounting to RMB47,933,000 (31 December 2024: RMB83,406,000).
- (d) As at 31 December 2025, other borrowings of RMB700,000,000 arising from the factoring of accounts receivable were unsecured (31 December 2024: RMB15,481,000).
- (e) At the end of the reporting period, all bank borrowings and other borrowings are denominated in RMB, except that as at 31 December 2025, bank borrowings equivalent to RMB153,402,000 are denominated in Japanese Yen (JPY) (31 December 2024: RMB135,500,000) and no bank borrowing is denominated in United States dollars (USD) (31 December 2024: RMB55,364,000).

### 29. DEFERRED REVENUE

	31 December 2025	31 December 2024
	RMB'000	RMB'000
At the beginning of year	13,757	14,928
Amortised to profit or loss	(13,757)	(1,171)
At the end of year	-	13,757

### 30. SHARE CAPITAL

Shares	31 December 2025	31 December 2024
Authorised		
5,000,000,000 shares of a par value of USD0.00002 each	100,000	100,000

Shares	31 December 2025	31 December 2024
Issue and paid:		
2,832,550,000 shares of a par value of USD0.00002 each	56,651	56,651
364,694,000 shares of a par value of USD0.00002 each*	7,294	7,294
Total	63,945	63,945
Equivalent to RMB	421,000	421,000

\* On 25 May 2023, the ordinary shares of the Company were listed on the Hong Kong Stock Exchange, and in connection with the Company's listing, 364,694,000 ordinary shares of the Company were issued through global offering to public and international investors at the offer price of HKD4.52 per share for the aggregate cash proceeds before expense of HKD1,648,417,000 (equivalent to RMB1,488,329,000).

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 31. SHARE OPTION SCHEME

On 12 March 2024, the Board approved the adoption of the share option scheme (the “2024 Share Option Scheme”), which was subsequently ratified by the Company’s shareholders during the annual general meeting held on 4 June 2024.

The Company operates the 2024 Share Option Scheme for the purpose of providing incentives and rewards to eligible participants and certain qualified participants who contribute to the success of the Group’s operations. Eligible participants of the 2024 Share Option Scheme include senior and middle management personnel, as well as other key employees of the Company or any subsidiary (the “Grantees”).

The total number of new shares in respect of the share options which may be granted under the 2024 Share Option Scheme shall not exceed 1.5% of the Company’s total issued shares (excluding treasury shares) as at the date of approval of the adoption of the 2024 Share Option Scheme by the shareholders, which is 47,958,660 Shares. Meanwhile, the Board approved on 12 March 2024 that the Company may only grant share options which can be exercised into not more than 23,979,330 shares under the 2024 Share Option Scheme in the year 2024. In any event, the total number of shares which may be issued in respect of all share options and awards to be granted under the 2024 Share Option Scheme and any other share schemes shall not exceed 10% of the Company’s total issued shares (excluding treasury shares) as at the date of approval of the adoption of the 2024 Share Option Scheme by the shareholders.

The offer of a grant of share options may be accepted upon payment of a nominal consideration of HKD1 in total by the Grantees subject to any early termination, and the Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the share option scheme is approved by the shareholders of the Company. The vesting of the share options is mainly subject to fulfilment of the Company’s performance targets, the Grantees remaining at all times after the offer date and on each vesting date as an employee of the Group, as well as the Grantees achieving a specified level in annual personal performance evaluations.

The exercise price in respect of any option shall be such price as determined by the Board or the administration committee of the 2024 Share Option Scheme and notified to the Grantees and which shall not be less than the higher of: (i) the closing price of the shares on the Hong Kong Stock Exchange as stated in the Hong Kong Stock Exchange’s daily quotation sheet on the offer date; and (ii) the average of the closing prices of the shares on the Hong Kong Stock Exchange as stated in the Hong Kong Stock Exchange’s daily quotation sheets for the five trading days immediately preceding the offer date. The shares do not carry nominal value.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 31. SHARE OPTION SCHEME (continued)

On 8 August 2025, the Company has resolved to make an offer to grant up to 9,580,000 share options to certain participants under the 2024 Share Option Scheme of the Company adopted on 4 June 2024 to subscribe for up to a total of 9,580,000 ordinary shares, representing approximately 0.30% of the total Shares in issue as at the date of announcement.

Movements in the number of the Share Options outstanding during the reporting period are as follows:

As at 31 December 2025

		Number of share options			
Exercise price per share option (HKD)	Date of grant	Outstanding	Granted	Lapsed	Outstanding
		as at 1 January 2025			as at 31 December 2025
1.45	8 July 2024	11,420,000	–	(5,054,665)	6,365,335
1.34	8 August 2025	–	9,190,000	(390,000)	8,800,000
	Total	11,420,000	9,190,000	(5,444,665)	15,165,335

As at 31 December 2024

		Number of share options			
Exercise price per share option (HKD)	Date of grant	Outstanding	Granted	Lapsed	Outstanding
		as at 1 January 2024			as at 31 December 2024
1.45	8 July 2024	–	15,330,000	(3,910,000)	11,420,000

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 31. SHARE OPTION SCHEME (continued)

The fair value (measured as at the grant date) of the share options that were outstanding as at 31 December 2025 was RMB9,818,000 (31 December 2024: RMB8,091,000). The weighted average fair values were RMB0.62, RMB0.67, and RMB0.66 per option for each of the three tranches with one-year, two-year, and three-year vesting periods, respectively (31 December 2024: RMB0.64, RMB0.70, and RMB0.73). The Group recognised a share option expense of RMB1,850,000 (2024: RMB2,409,000) during the year ended 31 December 2025 in employee benefit expense.

The fair value of the share options was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the main inputs to the model used:

	31 December 2025	31 December 2024
Expected dividend yield (%)	3.36	6.90
Expected volatility (%)	81.40	103.96
Risk-free interest rate (%)	2.97	3.11
Validity period of the share options (year)	10	10
Share price (HKD per share)	1.34	1.45
Expected exercise trigger multiple	2.00	2.00

Estimation of the value of the share options is subjective and uncertain as such values are subject to a number of assumptions and the limitation of the model. The expected volatility is based on the historical volatility reflecting the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The expected exercise trigger multiple is also estimated and is not necessarily indicative of the exercise patterns that may occur.

All significant features necessary to be considered for the measurement of fair values of the share options granted in the year were incorporated into such measurement.

At 31 December 2025, the Company had 15,165,335 (31 December 2024: 11,420,000) non-vested share options outstanding under the 2024 Share Option Scheme, including 3,156,667 (31 December 2024: 610,000) non-vested share options granted to certain executive directors, 690,000 (31 December 2024: 1,830,000) non-vested share options granted to certain employees among five highest paid employees (not include executive directors) and 11,318,668 (31 December 2024: 8,980,000) non-vested share options granted to certain key management personnel. Should all of them be vested, the exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 15,165,335 (31 December 2024: 11,420,000) additional ordinary shares of the Company.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 32. RESTRICTED SHARE AWARD SCHEME

The Board approved the adoption of the restricted share award scheme (the “2024 Restricted Share Award Scheme”) on 12 March 2024, under which some restricted shares will be held on trust for the relevant selected grantees (the “Selected Grantees”) until such restricted shares are vested with the relevant Selected Grantees in accordance with the rules of the 2024 Restricted Share Award Scheme. Subject to the approval of the Board, the number of restricted shares to be granted under the 2024 Restricted Share Award Scheme shall not exceed 3.5% of the total number of issued Shares of the Company (excluding treasury shares) as at the date of approval and adoption of the 2024 Restricted Share Award Scheme by the Board, namely 111,903,540 Shares. The Board also approved the grant of not more than 55,951,770 restricted shares on 12 March 2024.

The vesting of the 2024 restricted shares under the 2024 Restricted Share Award Scheme is mainly subject to the fulfilment of the Company’s performance targets, Selected Grantees remaining as an employee of the Group, as well as Selected Grantees achieving a specified level in annual personal performance evaluations.

On 8 August 2025, the Board announced that, the Company has resolved the offer to grant share award scheme to the Grantees under the 2024 Restricted Share Award Scheme adopted on 12 March 2024.

The following restricted shares were outstanding under the 2024 Restricted Share Award Scheme during the year:

	Number of restricted shares
As at 1 January 2024	–
Granted	<b>35,710,000</b>
Lapsed	<b>(9,130,000)</b>
As at 31 December 2024 and 1 January 2025	<b>26,580,000</b>
Granted	<b>21,350,000</b>
Vested	<b>(1,497,000)</b>
Lapsed	<b>(12,632,994)</b>
As at 31 December 2025	<b>33,800,006</b>

At 31 December 2025, the Company had 33,800,006 (31 December 2024: 26,580,000) non-vested restricted shares outstanding under the 2024 Restricted Share Award Scheme, including 7,356,667 (31 December 2024: 1,420,000) non-vested restricted shares granted to certain executive directors, 1,590,000 (31 December 2024: 4,260,000) non-vested restricted shares granted to certain employees among five highest paid employees (not include executive directors) and 24,853,339 (31 December 2024: 20,900,000) non-vested restricted shares granted to certain key management personnel.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 32. RESTRICTED SHARE AWARD SCHEME (continued)

The movement of the shares held for the 2024 Restricted Share Award Scheme is as follows:

	Number of shares	Amounts
		RMB'000
As at 1 January 2024	–	–
Purchase of shares under 2024 Restricted Share Award Scheme*	63,869,000	89,455
As at 31 December 2024 and 1 January 2025	63,869,000	89,455
Purchase of shares under 2024 Restricted Share Award Scheme*	123,688	128
Vested	(1,497,000)	(2,097)
As at 31 December 2025	62,495,688	87,486

\* The Company purchased its own shares through the trusts under the 2024 Restricted Share Award Scheme, which were presented as shares held for the share award scheme.

The fair value (measured as at the grant dates) of the restricted shares that were outstanding as at 31 December 2025 was RMB38,292,000 (31 December 2024: RMB31,445,000). The weighted average fair values were RMB1.71, RMB1.11 and RMB1.10 per share (31 December 2024: RMB1.23, RMB1.15 and RMB1.08) for each of the three tranches with one-year, two-year and three-year vesting periods, respectively. The Group recognised an amount of RMB7,403,000 (2024: RMB9,845,000) in employee benefit expense during the year ended 31 December 2025.

The fair value of the restricted shares granted during the year was estimated as at their respective dates of grant, using a no-arbitrage model, taking into account the terms and conditions upon which the restricted shares were granted. The following table lists the main inputs to the model used:

	31 December 2025	31 December 2024
Expected dividend yield (%)	3.36	6.90
Share price (HKD per share)	1.34	1.45

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 33. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statements of changes in equity of the financial statements.

#### (a) Share premium

The share premium represents the difference between the par value of the shares issued and the consideration received.

#### (b) Merger reserve

The merger reserve of the Group represents the difference between the changes of the contribution from the then holding company before the completion of the Reorganisation and the consideration paid by the Group for the business combination under common control.

#### (c) Capital reserve

##### 1) Ordinary shares with a redemption obligation

Pursuant to the Share Purchase Agreement signed by and among the pre-IPO investors of the Group on 16 April 2021, an aggregate of 6,651 ordinary shares with a redemption obligation were issued and allocated to the Pre-IPO investors at a consideration of USD204,910,000 (equivalent to RMB1,326,185,000). On 25 May 2023, the ordinary shares of the Company were listed on the Hong Kong Stock Exchange, the redemption obligation with a carrying amount of RMB1,676,276,000 (including principal of RMB1,445,212,000 and interest of RMB231,064,000) was classified to capital reserve.

##### 2) Other capital reserve

Other capital reserve represents any difference between the carrying amount of net assets attributable to the non-controlling shareholders and the fair value of the consideration paid.

#### (d) Special reserve

Special reserve mainly represents funds set aside for the purpose of certain safety production activities. Pursuant to certain regulations issued by the State Administration of Work Safety of the PRC and other relevant regulatory bodies, the subsidiaries, Shanghai Horizon Equipment & Engineering Co., Ltd., Shanghai Hongjin Equipment & Engineering Co., Ltd. and Tianjin Horizon Construction Development Engineering Technology Co., Ltd set aside funds mainly for construction service activities at prescribed rates. These funds can be used for maintenance and/or improvements of safety of these activities, and are not available for distribution to shareholders. The amounts are generally expenses in nature and charged to profit or loss as incurred, and at the same time, the corresponding amounts of safety reserve fund were utilised and transferred back to retained profits until such special reserve was fully utilised.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 34. BUSINESS COMBINATION

On 30 May 2025, the Group acquired an 80% equity interest in TH Tong Heng Machinery Sdn. Bhd. from Chan Heng Choy and How Mee Cheng for a cash consideration of Malaysian Ringgit (“RM”), among which RM137,334,000 was paid at the acquisition date and the remaining RM33,617,000 is expected to be paid on 30 May 2026. Meanwhile, Chan Heng Choy granted the Group call options, while the Group simultaneously granted Chan Heng Choy put options, enabling the Group to purchase the remaining 20% equity interest in TH Tong Heng Machinery Sdn. Bhd. at exercise prices determined based on key metrics, including the average adjusted earnings before interest, taxes, depreciation, and amortisation (“EBITDA”) from the accounts for the three years ending 31 December 2027 and 31 December 2034, as well as the cash and debt position as of 31 December 2027 and 31 December 2034, respectively. As the Group has practical control or obtainable access over the minority interests, the Group accounted for 100% equity interest in TH Tong Heng Machinery Sdn. Bhd. as of the acquisition date. The contingent consideration was initially recognised at RMB73,937,000, which is presented under financial liabilities at fair value through profit or loss.

TH Tong Heng Machinery Sdn. Bhd. is primarily engaged in the hiring of heavy machinery, repairs and trading of machinery and acting as a transportation agent. This acquisition aligns with the Group’s strategic initiative to expand its market share in Malaysia’s equipment leasing sector.

The fair values of the identifiable assets and liabilities of TH Tong Heng Machinery Sdn. Bhd. as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	RMB'000
Property, plant and equipment (note 14)	182,053
Right-of-use assets (note 15(a))	60,388
Inventories	1,023
Trade receivables	28,346
Prepayments, other receivables and other assets	5,442
Cash and cash equivalents	27,053
Trade and bills payables	(12,388)
Other payables and accruals	(2,686)
Interest-bearing bank and other borrowings	(28,190)
Lease liabilities (note 15(b))	(38,027)
Deferred tax liabilities (note 19)	(27,307)
Total identifiable net assets at fair value	195,707
Goodwill on acquisition (note 16)	173,979
Cash consideration	295,749
Fair value of contingent consideration	73,937

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 34. BUSINESS COMBINATION (continued)

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash paid on acquisition	(236,599)
Cash acquired	27,053
Net cash outflow on acquisition	(209,546)

Property, plant and equipment ("PPE") primarily comprise equipment. The Group has determined the fair value of these assets as RM107,501,000 based on historical transaction prices and independently sourced market comparable data.

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RM16,738,000 and RM464,000, respectively. There are no anticipated collection risks associated with these outstanding receivables.

Since the acquisition, TH Tong Heng Machinery Sdn. Bhd. contributed RMB84,558,000 to the Group's consolidated revenue and RMB9,547,000 to the consolidated profit for the year ended 31 December 2025.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year would have been RMB202,939,000 and RMB22,913,000, respectively.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 35. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

**(a) Major non-cash transactions**

For the year ended 31 December 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB594,687,000, in respect of lease arrangements for offices and equipment (2024: RMB232,714,000).

For the year ended 31 December 2025, the Group did not offset its loan with deposits. (2024: Nil).

For the year ended 31 December 2025, the Group had entered certain supplier financing arrangements with the banks. Under such arrangements, the banks will pay upon delivery of products by the supplier and the Group will subsequently settle the liability directly with banks. No cash flow was involved, and no cash flow is presented in the consolidated financial statement of cash flows. The derecognition of the payables to the bank and other borrowings amounted to RMB121,972,000 (2024: RMB105,340,000).

For the year ended 31 December 2025, the trade receivables for several customers were settled by certain properties of RMB77,818,855 (2024: RMB602,998,000). For the year ended 31 December 2025, the trade and bills payables for several suppliers were settled by certain properties of RMB20,843,892 (2024: RMB504,145,000).

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 35. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

#### (b) Changes in liabilities arising from financing activities

As at and for the year ended 31 December 2025

	Interest payable	Bank and other borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	76,756	20,902,895	633,582	21,613,233
Changes in principal from financing cash flows	–	(702,275)	(556,939)	(1,259,214)
Supplier finance arrangements	–	115,915	–	115,915
Additions as a result of acquisition of subsidiaries	–	28,190	38,027	66,217
Maturity of unhedged derivative financial instruments	–	(16,520)	–	(16,520)
New leases	–	–	594,687	594,687
Disposal	–	–	(133,790)	(133,790)
Interest accrued	773,018	–	32,285	805,303
Interest paid	(789,379)	–	–	(789,379)
At 31 December 2025	60,395	20,328,205	607,852	20,996,452

As at and for the year ended 31 December 2024

	Interest payable	Bank and other borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	43,291	17,339,232	693,604	18,076,127
Changes in principal from financing cash flows	–	3,441,489	(286,081)	3,155,408
Supplier finance arrangements	–	138,565	–	138,565
Maturity of unhedged derivative financial instruments	–	(16,391)	–	(16,391)
New leases	–	–	232,714	232,714
Disposal	–	–	(35,242)	(35,242)
Interest accrued	777,240	–	28,587	805,827
Interest paid	(743,775)	–	–	(743,775)
At 31 December 2024	76,756	20,902,895	633,582	21,613,233

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 35. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

#### (c) Total cash outflow for leases

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

	For the year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Within operating activities	(575,347)	(646,936)
Within financing activities	(556,939)	(286,081)
Total	(1,132,286)	(933,017)

### 36. CONTINGENT LIABILITIES

As at 31 December 2025 and 2024, the Group did not have any material contingent liability, guarantees or any other material litigation or claims outstanding or threatened against the Group that could have a material adverse effect on its business, financial condition or results of operations.

### 37. PLEDGE OF ASSETS

Details of the Group's assets pledged under bank and other borrowings and restricted bank balances are contained in notes 14, 15, 20, 21, 22, 24, 25 and 28 of the financial statements.

### 38. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	31 December 2025	31 December 2024
	RMB'000	RMB'000
Contracted, but not provided for:		
Purchase of plant and machinery	29,980	212,503

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 39. RELATED PARTY TRANSACTIONS

#### (a) Name and relationship

Name of related party	Relationship with the Group
Far East Horizon Limited (遠東宏信有限公司)	Controlling Shareholder
International Far Eastern Leasing Co., Ltd. (遠東國際融資租賃有限公司)	Company controlled by the Controlling Shareholder
Shaoxing Shangyu Boteng Metal Products Co., Ltd. (紹興市上虞博騰金屬製品有限公司)	Company controlled by a close family member of key management personnel
Shanghai Jinmao Construction & Decoration Co., Ltd. (上海金茂建築裝飾有限公司)	Subsidiary of a group which has significant influence over the Controlling Shareholder of the Company
Beijing Jinmao Habitat Environment Technology Co., Ltd. (北京金茂人居環境科技有限公司)	Subsidiary of a group which has significant influence over the Controlling Shareholder of the Company
Sinochem Environment Air Pollution Control Co., Ltd. (中化環境大氣治理股份有限公司)	Subsidiary of a group which has significant influence over the Controlling Shareholder of the Company
Luxi Industrial Equipment Co., Ltd. (中化魯西工程有限公司)	Subsidiary of a group which has significant influence over the Controlling Shareholder of the Company
Chengdu Jinmao Smart Energy Technology Co., Ltd. (成都金茂智慧能源科技有限公司)	Subsidiary of a group which has significant influence over the Controlling Shareholder of the Company
Hangzhou Hongqian Urban Development and Construction Co., Ltd. (杭州宏乾城市發展建設有限公司)	Subsidiary of a group which has significant influence over the Controlling Shareholder of the Company
Hangzhou Hongyue Urban Development and Construction Co., Ltd. (杭州弘越城市發展建設有限公司)	Subsidiary of a group which has significant influence over the Controlling Shareholder of the Company
Suzhou Hongxiang Urban Construction and Development Co., Ltd. (蘇州宏相城市建設發展有限公司)	Subsidiary of a group which has significant influence over the Controlling Shareholder of the Company
Shanghai Yijia Construction Development Co., Ltd. (上海藝佳建設發展有限公司)	Associate of the Controlling Shareholder

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 39. RELATED PARTY TRANSACTIONS (continued)

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

		For the year ended 31 December	
		2025	2024
		RMB'000	RMB'000
(1)	Operating lease income		
	Luxi Industrial Equipment Co., Ltd.	162	342
	Shanghai Jinmao Construction & Decoration Co., Ltd.	36	3
	Chengdu Jinmao Smart Energy Technology Co., Ltd.	6	–
	Shanghai Yijia Construction Development Co., Ltd.	5	10
	Beijing Jinmao Habitat Environment Technology Co., Ltd.	1	2
	International Far Eastern Leasing Co., Ltd.	–	299
	Sinochem Environment Air Pollution Control Co., Ltd.	–	2
		210	658
(2)	Engineering and technical services		
	Hangzhou Hongqian Urban Development and Construction Co., Ltd.	14,692	–
	Suzhou Hongxiang Urban Construction and Development Co., Ltd.	10,510	–
	Hangzhou Hongyue Urban Development and Construction Co., Ltd.	434	–
	Shanghai Jinmao Construction & Decoration Co., Ltd.	22	1
	Luxi Industrial Equipment Co., Ltd.	2	5
	Shanghai Yijia Construction Development Co., Ltd.	1	2
	Sinochem Environment Air Pollution Control Co., Ltd.	–	1
		25,661	9
(3)	Purchases of goods		
	Shaoxing Shangyu Boteng Metal Products Co., Ltd.	10,111	102,234
	International Far Eastern Leasing Co., Ltd.	572	–
		10,683	102,234

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 39. RELATED PARTY TRANSACTIONS (continued)

#### (b) The Group had the following transactions with related parties during the year: (continued)

Notes:

- (i) The operating lease income from related parties arose from the operating lease of premises. The prices were determined on arm's length basis with reference to (a) the location, type, quality, size, area and lease term of the premises; and (b) the prevailing market rates of premises with comparable type, quality and size and situated in the vicinity for similar leasing services provided by the independent third parties.
- (ii) The operating lease income from related parties arose from the operating lease of aerial work platforms. The prices were determined on arm's length basis with reference to (a) the specifications, technical requirements, model and lease term of the service vehicles; and (b) the rates of service vehicles with similar specifications, technical requirements and model for similar leasing services provided to the independent third parties.
- (iii) The engineering and technical services income from related parties arose from logistics services and retrofitting services. The transportation prices were determined on arm's length basis with reference to the transportation distances and weight of the vehicles; and the modification service prices were determined on arm's length basis with reference to the numbers of the vehicles.
- (iv) The goods purchased mainly are moulds. The transaction prices were determined on arm's length basis with reference to (a) the specification, model, unit price type and quality of the materials; and (b) the prevailing market rates of similar materials provided by the independent third parties.

#### (c) Outstanding balances with related parties:

	31 December 2025	31 December 2024
	RMB'000	RMB'000
(1) Due from related companies		
Prepayments, other receivables and other assets:		
Shaoxing Shangyu Boteng Metal Products Co., Ltd.	4,131	–
Shanghai Yijia Construction Development Co., Ltd.	1,016	3,285
	5,147	3,285
Trade receivables:		
Hangzhou Hongqian Urban Development and Construction Co., Ltd.	5,880	–
Suzhou Hongxiang Urban Construction and Development Co., Ltd.	2,755	–
Hangzhou Hongyue Urban Development and Construction Co., Ltd.	473	–
Luxi Industrial Equipment Co., Ltd.	30	132
International Far Eastern Leasing Co., Ltd.	19	19
Shanghai Jinmao Construction & Decoration Co., Ltd.	7	17
Chengdu Jinmao Smart Energy Technology Co., Ltd.	3	–
	9,167	168

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 39. RELATED PARTY TRANSACTIONS (continued)

#### (c) Outstanding balances with related parties: (continued)

	31 December 2025	31 December 2024
	RMB'000	RMB'000
Other receivables:		
Hangzhou Hongqian Urban Development and Construction Co., Ltd.	1,851	–
Suzhou Hongxiang Urban Construction and Development Co., Ltd.	1,209	–
	3,060	–
(2) Due to related companies		
Other payables:		
Far East Horizon Limited	23	23
Trade and bills payables:		
International Far Eastern Leasing Co., Ltd.	580	–
Shaoxing Shangyu Boteng Metal Products Co., Ltd.	–	2,652
	580	2,652

At the end of the reporting period, the balances due from/to related parties were unsecured, interest-free and repayable on demand.

At the end of the reporting period, except for the other payables to Far East Horizon Limited, the balances due from/to related parties were trade in nature.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 39. RELATED PARTY TRANSACTIONS (continued)

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

	For the year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Short-term employee benefits	11,177	9,461
Equity-settled share-based payment expense	1,806	1,914
Post-employment benefits	566	441
Total compensation paid to key management personnel	13,549	11,816

During 2025, certain members of key management personnel of the Group were granted share options and restricted shares in respect of their services to the Group under the Schemes of the Company, further details of which are set out in notes 31 and 32 to the financial statements.

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

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 40. FINANCIAL INSTRUMENTS BY CATEGORY

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

**As at 31 December 2025**

#### Financial assets

	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Total
	RMB'000	RMB'000	RMB'000
Financial assets included in prepayments, other receivables and other assets	541,248	–	541,248
Trade receivables	6,836,100	–	6,836,100
Debt investments at fair value through other comprehensive income	–	1,061,829	1,061,829
Restricted bank balances	88,205	–	88,205
Cash and bank balances	1,522,005	–	1,522,005
<b>Total</b>	<b>8,987,558</b>	<b>1,061,829</b>	<b>10,049,387</b>

#### Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Hedging instruments designated in cash flow hedges	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	–	2,924,244	–	2,924,244
Financial liabilities included in other payables and accruals	–	279,831	–	279,831
Derivative financial instruments	–	–	17,298	17,298
Interest-bearing bank and other borrowings	–	20,328,205	–	20,328,205
Financial liabilities at fair value through profit or loss	73,937	–	–	73,937
<b>Total</b>	<b>73,937</b>	<b>23,532,280</b>	<b>17,298</b>	<b>23,623,515</b>

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 40. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting periods are as follows:  
(continued)

**As at 31 December 2024**

#### Financial assets

	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Total
	RMB'000	RMB'000	RMB'000
Financial assets included in prepayments, other receivables and other assets	764,040	–	764,040
Trade receivables	5,870,926	–	5,870,926
Debt investments at fair value through other comprehensive income	–	871,920	871,920
Derivative financial instruments	–	1,166	1,166
Restricted bank balances	9,918	–	9,918
Cash and bank balances	1,783,418	–	1,783,418
<b>Total</b>	<b>8,428,302</b>	<b>873,086</b>	<b>9,301,388</b>

#### Financial liabilities

	Financial liabilities at amortised cost	Hedging instruments designated in cash flow hedges	Total
	RMB'000	RMB'000	RMB'000
Trade and bills payables	2,395,257	–	2,395,257
Financial liabilities included in other payables and accruals	232,477	–	232,477
Derivative financial instruments	–	1,732	1,732
Interest-bearing bank and other borrowings	20,902,895	–	20,902,895
<b>Total</b>	<b>23,530,629</b>	<b>1,732</b>	<b>23,532,361</b>

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 40. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

#### Financial instruments not measured at fair value

Management has assessed that the fair values of cash and cash equivalents, restricted bank balances, trade receivables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments. Interest-bearing bank and other borrowings are mostly on floating rate terms and bear interest at prevailing market interest rates and their carrying values approximate to their fair values.

### 41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

#### Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

#### Fair value hierarchy (continued)

Assets and liabilities measured at fair value:

As at 31 December 2025

Financial assets and liabilities	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Debt investments at fair value through other comprehensive income	–	1,061,829	–	1,061,829
Derivative financial instruments	–	(17,298)	–	(17,298)
Financial liabilities at fair value through profit or loss	–	–	(73,937)	(73,937)
Total	–	1,044,531	(73,937)	970,594

As at 31 December 2024

Financial assets and liabilities	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Debt investments at fair value through other comprehensive income	–	871,920	–	871,920
Derivative financial instruments	–	(566)	–	(566)
Total	–	871,354	–	871,354

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

#### Fair value hierarchy (continued)

The fair values of debt investments at fair value through other comprehensive income have been calculated by discounting the future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The changes in fair values as a result of the Group for debt investments at fair value through other comprehensive income as at 31 December 2025 and 2024 were assessed to be insignificant.

The fair value of the cross-currency interest rate swap, forward currency contract and interest rate swap were calculated by discounting the future cash flows using the forward exchange rate and RMB risk-free rate that are observable market inputs.

The significant unobservable input to the valuation of financial liabilities at fair value through profit or loss is discount for lack of marketability ("DLOM").

### 42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, lease liabilities, and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, trade and bills payables, debt investments at fair value through other comprehensive income, restricted bank balances, financial assets included in prepayments, other receivables, and other assets, and financial liabilities included in other payables and accruals, which mainly arise directly from its operations.

The Group also enters derivative transactions, including principally forward currency contract, interest rate swap and cross-currency interest rate swap. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### (a) Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings. As at 31 December 2025, the Group had three forward currency contracts with a total notional amount of JPY3,424,385,000 (31 December 2024: JPY2,972,013,000).

As at 31 December 2025

	Interest-free	Less than 1 year	1 to 5 years	More than 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Financial assets</b>					
Financial assets included in prepayments, other receivables and other assets	541,248	-	-	-	541,248
Trade receivables	6,836,100	-	-	-	6,836,100
Debt investments at fair value through other comprehensive income	1,061,829	-	-	-	1,061,829
Restricted bank balances	-	88,205	-	-	88,205
Cash and cash equivalents	-	1,522,005	-	-	1,522,005
<b>Total financial assets</b>	<b>8,439,177</b>	<b>1,610,210</b>	<b>-</b>	<b>-</b>	<b>10,049,387</b>
<b>Financial liabilities</b>					
Trade and bills payables	2,924,244	-	-	-	2,924,244
Financial liabilities included in other payables and accruals	279,831	-	-	-	279,831
Derivative financial instruments	17,298	-	-	-	17,298
Interest-bearing bank and other borrowings	-	17,126,310	3,030,485	171,410	20,328,205
Financial liabilities at fair value through profit or loss	73,937	-	-	-	73,937
<b>Total financial liabilities</b>	<b>3,295,310</b>	<b>17,126,310</b>	<b>3,030,485</b>	<b>171,410</b>	<b>23,623,515</b>
<b>Interest rate sensitivity exposure</b>	<b>5,143,867</b>	<b>(15,516,100)</b>	<b>(3,030,485)</b>	<b>(171,410)</b>	<b>(13,574,128)</b>

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### (a) Interest rate risk (continued)

As at 31 December 2024

	Interest-free	Less than 1 year	1 to 5 years	More than 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Financial assets</b>					
Financial assets included in prepayments, other receivables and other assets	764,040	–	–	–	764,040
Trade receivables	5,870,926	–	–	–	5,870,926
Debt investments at fair value through other comprehensive income	871,920	–	–	–	871,920
Derivative financial instruments	1,166	–	–	–	1,166
Restricted bank balances	–	9,918	–	–	9,918
Cash and cash equivalents	–	1,783,418	–	–	1,783,418
<b>Total financial assets</b>	<b>7,508,052</b>	<b>1,793,336</b>	<b>–</b>	<b>–</b>	<b>9,301,388</b>
<b>Financial liabilities</b>					
Trade and bills payables	2,395,257	–	–	–	2,395,257
Financial liabilities included in other payables and accruals	232,477	–	–	–	232,477
Derivative financial instruments	1,732	–	–	–	1,732
Interest-bearing bank and other borrowings	803,035	15,152,646	4,483,087	464,127	20,902,895
<b>Total financial liabilities</b>	<b>3,432,501</b>	<b>15,152,646</b>	<b>4,483,087</b>	<b>464,127</b>	<b>23,532,361</b>
<b>Interest rate sensitivity exposure</b>	<b>4,075,551</b>	<b>(13,359,310)</b>	<b>(4,483,087)</b>	<b>(464,127)</b>	<b>(14,230,973)</b>

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### (a) Interest rate risk (continued)

The following table demonstrates the sensitivity to a reasonably possible change in interest rate (without considering the cross-currency interest rate swap with Ping An Bank and the interest rate swap with China Construction Bank), with all other variables held constant, of the Group's profit before tax.

	Increase/(decrease) in profit before tax	
	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Change in basis points		
+100 basis points	90,323	(63,967)
- 100 basis points	(90,323)	63,967

#### (b) Foreign currency risk

The Group's monetary assets, liabilities and transactions are principally denominated in RMB. The Group has transactional currency exposures. Such exposures mainly arise from the Group's cash and cash equivalents that are denominated in foreign currency and interest-bearing bank borrowings that are denominated in JPY. Bank borrowings of RMB153,402,000 equivalent as at 31 December 2025, which are denominated in JPY (31 December 2024: RMB55,364,000, which were denominated in USD and RMB135,500,000, which were denominated in JPY). As at 31 December 2025, the Group has three forward currency contracts (31 December 2024: one).

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### (c) Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances and contract assets are monitored on an ongoing basis. In 2025, following a comprehensive credit assessment and approval, several customers were removed out of the risk pool, reflecting a genuine improvement in their repayment capacity and financial stability.

#### Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2025 and 2024.

As at 31 December 2025

	12-month ECLs		Lifetime ECLs		Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
Financial assets included in prepayments, other receivables and other assets**	541,248	-	-	-	541,248
Trade receivables*	-	-	-	6,836,100	6,836,100
Contract assets*	-	-	-	660,263	660,263
Debt investments at fair value through other comprehensive income*	-	-	-	1,061,829	1,061,829
Restricted bank balances**	88,205	-	-	-	88,205
Cash and cash equivalents**	1,522,005	-	-	-	1,522,005
<b>Total</b>	<b>2,151,458</b>	<b>-</b>	<b>-</b>	<b>8,558,192</b>	<b>10,709,650</b>

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### (c) Credit risk (continued)

As at 31 December 2024

	12-month ECLs		Lifetime ECLs		Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
Financial assets included in prepayments, other receivables and other assets**	764,040	–	–	–	764,040
Trade receivables*	–	–	–	5,870,926	5,870,926
Contract assets*	–	–	–	753,848	753,848
Debt investments at fair value through other comprehensive income*	–	–	–	871,920	871,920
Derivative financial instruments	1,166	–	–	–	1,166
Restricted bank balances**	9,918	–	–	–	9,918
Cash and cash equivalents**	1,783,418	–	–	–	1,783,418
<b>Total</b>	<b>2,558,542</b>	<b>–</b>	<b>–</b>	<b>7,496,694</b>	<b>10,055,236</b>

\* For trade receivables, contract assets and notes receivable classified as financial assets at fair value through other comprehensive income to which the Group applies the simplified approach for impairment, information based on the credit risk exposure is disclosed in notes 22, 23 and 24 to the financial statements, respectively.

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

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables are disclosed in note 22 to the financial statements.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### (d) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings and lease liabilities.

Due to the Group's supplier finance arrangements, the relevant trade payables are due to a single counterparty rather than individual suppliers. This results in the Group being required to settle a significant amount with a single counterparty, rather than less significant amounts with a number of suppliers. However, the Group's payment terms for most of the trade payables covered by the arrangements are extended to not more than 1 year while the normal payment terms for trade payables range from 30 to 60 days, except for trade payable covered by the amount of RMB6,057,000, of which the payment terms are extended to five years. Management does not consider the supplier finance arrangements to result in excessive concentrations of liquidity risk given the payment terms are not significantly extended. Details of the arrangements are disclosed in notes 28 and 35 to the financial statements.

The maturity profile of the Group's financial liabilities as at the end of each of the year, based on the contractual undiscounted payments, is as follows:

As at 31 December 2025

	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	-	2,916,161	12,104	-	2,928,265
Financial liabilities included in other payables and accruals	-	259,199	20,632	-	279,831
Derivative financial instruments	-	17,298	-	-	17,298
Interest-bearing bank and other borrowings	-	7,395,785	12,832,330	1,393,726	21,621,841
Lease liabilities	-	250,213	384,872	-	635,085
Financial liabilities at fair value through profit or loss	-	-	36,969	36,968	73,937
<b>Total</b>	<b>-</b>	<b>10,838,656</b>	<b>13,286,907</b>	<b>1,430,694</b>	<b>25,556,257</b>

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### (d) Liquidity risk (continued)

As at 31 December 2024

	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	62,497	2,332,760	–	–	2,395,257
Financial liabilities included in other payables and accruals	–	221,327	11,149	–	232,476
Derivative financial instruments	–	1,732	–	–	1,732
Interest-bearing bank and other borrowings	–	6,668,034	14,460,588	1,510,970	22,639,592
Lease liabilities	–	229,087	454,874	–	683,961
<b>Total</b>	<b>62,497</b>	<b>9,452,940</b>	<b>14,926,611</b>	<b>1,510,970</b>	<b>25,953,018</b>

#### (e) Capital management

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

The Group manages its capital structure and makes adjustment to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, raise new debt, or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the year.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt includes interest-bearing bank and other borrowings, lease liabilities, less cash and cash equivalents. Total equity includes equity attributable to equity holders of the parent and non-controlling interests.

The Group has established supplier finance arrangements to manage its working capital, details of which are included in notes 28 and 35 to the financial statements.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### (e) Capital management (continued)

The gearing ratio as at the end of the year is as follows:

	31 December 2025	31 December 2024
	RMB'000	RMB'000
Interest-bearing bank and other borrowings	20,328,205	20,902,895
Lease liabilities	607,852	633,582
Less: Cash and cash equivalents	(1,522,005)	(1,783,418)
Net debt	19,414,052	19,753,059
Total equity	11,324,845	11,458,350
Total equity and net debt	30,738,897	31,211,409
Gearing ratio	63%	63%

### 43. EVENT AFTER THE REPORTING PERIOD

As disclosed in note 12, the Board recommends declaration a final dividend of HKD0.016 per share for the year ended 31 December 2025.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statements of financial position of the Company at the end of the reporting period is as follows:

		31 December 2025	31 December 2024
	Note	RMB'000	RMB'000
<b>NON-CURRENT ASSETS</b>			
Investment in subsidiaries		4,931,223	4,921,969
Total non-current assets		4,931,223	4,921,969
<b>CURRENT ASSETS</b>			
Trade receivables		1,082,362	517,803
Prepayments, other receivables and other assets		3,783,046	2,419,766
Derivative financial instruments		–	1,166
Pledged deposits		25	–
Cash and cash equivalents		152,349	73,210
Total current assets		5,017,782	3,011,945
<b>CURRENT LIABILITIES</b>			
Trade and bills payables		6,761	9,356
Other payables and accruals		2,328,305	28,565
Interest-bearing bank and other borrowings		466,894	608,559
Total current liabilities		2,801,960	646,480
NET CURRENT ASSETS		2,215,822	2,365,465
TOTAL ASSETS LESS CURRENT LIABILITIES		7,147,045	7,287,434
Net assets		7,147,045	7,287,434
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital	30	421	421
Reserves		7,146,624	7,287,013
Total equity		7,147,045	7,287,434

Zhan Jing  
Director

Tang Li  
Director

Shan Jianlin  
Co-Chief Financial Officer

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

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

	Share premium	Merger reserve	Capital reserve	Share-based compensation reserve*	Other comprehensive income	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	7,533,457	(29,862)	380,008	–	–	(465,539)	7,418,064
Profit for the year	–	–	–	–	–	4,070	4,070
Other comprehensive income for the year:							
Cash flow hedges, net of tax	–	–	–	–	(729)	–	(729)
Total comprehensive income for the year	–	–	–	–	(729)	4,070	3,341
2024 interim dividend	–	–	–	–	–	(146,646)	(146,646)
Recognition of equity-settled share-based payments	–	–	–	12,254	–	–	12,254
At 31 December 2024 and 1 January 2025	<b>7,533,457</b>	<b>(29,862)</b>	<b>380,008</b>	<b>12,254</b>	<b>(729)</b>	<b>(608,115)</b>	<b>7,287,013</b>
Profit for the year	–	–	–	–	–	(16,396)	(16,396)
Other comprehensive income for the year:							
Cash flow hedges, net of tax	–	–	–	–	(372)	–	(372)
Total comprehensive income for the year	–	–	–	–	(372)	(16,396)	(16,768)
Dividends	–	–	–	–	–	(132,874)	(132,874)
Shares vested under restricted share award scheme	–	–	1,844	(1,844)	–	–	–
Recognition of equity-settled share-based payments	–	–	–	9,253	–	–	9,253
At 31 December 2025	<b>7,533,457</b>	<b>(29,862)</b>	<b>381,852</b>	<b>19,663</b>	<b>(1,101)</b>	<b>(757,385)</b>	<b>7,146,624</b>

\* The reserve of the Company represents the recognition of the equity-settled share-based payments of the share options which are yet to be exercised and the restricted shares which are yet to be vested. The amount will be transferred to share capital or shares held for the share award scheme when the related share options are exercised or restricted shares are vested.

### 45. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 10 March 2026.



**宏信建设发展有限公司**  
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