



A LEADING SMART ENERGY SAVING SERVICES PROVIDER

ANNUAL REPORT 2025



Technovator
International Limited

(Incorporated in Singapore with limited liability)

Stock Code: 1206

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Zhao Xiaobo (趙曉波)
Mr. Qin Bing (秦冰)

Non-executive Directors

Mr. Han Tao (韓滔) (Chairman)
(appointed on 27 March 2026)
Mr. Zeng Xuejie (曾學傑)
Mr. Gao Peifeng (高沛豐) (appointed on 27 March 2026)
Ms. Zhang Yanhua (張艷華) (resigned on 27 March 2026)
Mr. Li Chengfu (李成富) (resigned on 27 March 2026)

Independent Non-executive Directors

Ms. Lu Yao (陸瑤)
Mr. Chia Yew Boon (謝有文)
Dr. Li Xuejin (李學金) (appointed on 17 June 2025)
Mr. Fan Ren Da Anthony (范仁達) (retired on 17 June 2025)

BOARD COMMITTEES

Audit Committee

Ms. Lu Yao (Chairlady)
Mr. Chia Yew Boon
Dr. Li Xuejin (appointed on 17 June 2025)
Mr. Fan Ren Da Anthony (retired on 17 June 2025)

Nomination Committee

Mr. Chia Yew Boon (Chairman)
Mr. Han Tao (appointed on 27 March 2026)
Ms. Lu Yao (appointed on 17 June 2025)
Mr. Fan Ren Da Anthony (retired on 17 June 2025)
Mr. Li Chengfu (resigned on 27 March 2026)

Remuneration Committee

Dr. Li Xuejin (Chairman) (appointed on 17 June 2025)
Mr. Chia Yew Boon
Mr. Han Tao (appointed on 27 March 2026)
Mr. Fan Ren Da Anthony (retired on 17 June 2025)
Mr. Li Chengfu (resigned on 27 March 2026)

Risk Management Committee

Mr. Han Tao (Chairman) (appointed on 27 March 2026)
Mr. Zhao Xiaobo
Mr. Qin Bing
Mr. Chia Yew Boon
Dr. Li Xuejin (appointed on 17 June 2025)
Mr. Zeng Xuejie
Mr. Gao Peifeng (appointed on 27 March 2026)
Ms. Lu Yao
Mr. Fan Ren Da Anthony (retired on 17 June 2025)
Mr. Li Chengfu (resigned on 27 March 2026)
Ms. Zhang Yanhua (resigned on 27 March 2026)

JOINT COMPANY SECRETARIES

Mr. Leung Lok Wai
Ms. Chan Lai Yin (appointed on 4 July 2025)
Ms. Chan Wan Mei (resigned on 2 May 2025)

AUTHORISED REPRESENTATIVES

Mr. Zhao Xiaobo
Mr. Han Tao (appointed on 27 March 2026)
Mr. Li Chengfu (resigned on 27 March 2026)

REGISTERED OFFICE

66 Tannery Lane
#04-10/A
Sindo Industrial Building
Singapore 347805

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

66 Tannery Lane
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Sindo Industrial Building
Singapore 347805

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 17
Silvercord Tower 2
30 Canton Road
Tsim Sha Tsui, Hong Kong

LEGAL ADVISER AS TO HONG KONG LAWS

Morgan, Lewis & Bockius

AUDITORS

KPMG

Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
KPMG LLP

SINGAPORE PRINCIPAL SHARE REGISTRAR

Tricor Barbinder Share Registration Services
9 Raffles Place
#26-01 Republic Plaza
Singapore 048619

HONG KONG SHARE REGISTRAR

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

COMPANY WEBSITE

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PRINCIPAL BANKERS

Agriculture Bank of China
Bank of Beijing
Bank of China
Bank of Communications
China CITIC Bank
China Construction Bank
China Merchants Bank
Hua Xia Bank
Industrial and Commercial Bank of China
The Hong Kong and Shanghai Banking Corporation Limited

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Chairman's Statement





Chairman's Statement

Dear Honourable Shareholders,

On behalf of the board of director and the management, I am pleased to present to the shareholders the annual report on the development and operating results of Technovator International Limited ("Technovator") and its subsidiaries (the "Group") for the year ended 31 December 2025 (the "Year").

In 2025, faced with insufficient effective demand from domestic macroeconomy and the continuous decline in real estate and infrastructure investment, competition intensified within the smart city and energy services industries where markets were largely saturated. Confronted with such complex and challenging business environment, the Group remained adhered to its three core businesses – smart transportation, smart building and complex, and smart energy. By placing equal emphasis on technological innovation and lean operations, the Group steadily advanced the implementation of major projects, continuously optimised its business structure and risk management, and made every effort to ensure the stability of its fundamental operations while reinforcing its technological advantages and market position in core sectors.

I. ANNUAL OPERATION REVIEW

During the Year, the Group's overall revenue experienced a year-on-year decline due to weakened investment sentiment in the market and a slowdown on new contract conclusion. Intensified industry competition compressed the profit margins of secured projects. Additional cost overruns incurred during the execution of certain projects and the increased impairment provisions for certain projects weighed on the Group's profitability for the moment.

In response to operational pressures, the management enhanced its comprehensive and streamlined management across all processes, strengthened cost control and risk prevention throughout the project lifecycle, optimised the pace of project bidding and delivery, and focused on high-quality orders and high-value-added solutions. During the reporting period, the Group implemented several benchmark projects in areas such as overseas infrastructure under the "Belt and Road" Initiative, domestic super-large integrated transport hubs, urban renewal, and clean heating. Its core technologies and system integration capabilities were proven continuously, building momentum for subsequent market expansion and performance recovery.

II. BUSINESS HIGHLIGHTS AND CORE PROGRESS

(I) Smart transportation: consolidating leading advantages in rail transit intelligence

The Group maintained its industry-leading position in fully automated operation and integrated supervision and control for rail transit systems, achieving breakthroughs in both overseas and domestic major projects. Along the "Belt and Road", the Group secured contracts for the signal system equipment integration and procurement project for the first phase of the light rail in Astana, Kazakhstan, the city's first urban light rail. Built to the highest international GoA4 standard for fully automated operation, the project integrated multi-system intelligent linkage control, establishing a benchmark for smart rail transit in Central Asia. Domestically, the Group was deeply participated in the Intelligent Systems Project for Beijing Sub-Centre Station Integrated Transport Hub (北京城市副中心站綜合交通樞紐智能化工程), establishing a highly reliable monitoring system suitable for major hubs. The Group continued to empower the network construction of the first phase of Line 7, Line 5 of Changchun Rail Transit (長春軌道交通7號線、5號線一期), supporting safe and efficient line operation with our highly integrated supervision and control platform, further strengthening our benchmark position in urban rail comprehensive automation. In addition, the Group secured contracts for the integrated supervision and control system of the post-construction work of Chongqing Rail Transit Line 27 (重慶軌道交通27號線). This line, serving as a core east-west urban rail express line in Chongqing, spans approximately 56 kilometres and connects three major railway hubs with core commercial districts. Leveraging the Kunlun digital platform, the Group constructed a two-tier "Centre-Station" intelligent management and control system, integrating innovative modules such as operation cockpit, intelligent operation, and smart customer service, empowering Chongqing to build a smart metro benchmark, which further reinforced the Group's leading position in the southwestern China rail transit intelligence market.

(II) Smart building and complex: driving urban renewal through scenario innovation

Keeping pace with trends in urban digital transformation and industrial upgrading, the Group focused on three key areas: industrial parks renewal, existing building intelligence, and urban renewal, and leveraged digital technology to increase spatial value. During the Year, the Group implemented the Project for the Outdoor Broadcasting Venue of Building 6 in Zhongguancun Dongsheng Science Park (中關村東升科技園6號院室外演播場項目), creating an “urban living room within the park” as a typical model for scenario upgrades in existing parks. The Group completed the Dongsheng Building Network Upgrade and Robotics Integration Software Project (東升大廈網絡改造及機器人集成軟件工程), providing a replicable model for upgrading traditional office buildings into smart spaces. The Group secured contracts for the Intelligent Systems for Shenyang Hunnan Science City Urban Renewal (瀋陽渾南科技城城市更新智能化工程), underpinning Northeast China in building a scientific and technological innovation that integrates industry and city. It also implemented the intelligent project for NOUSLAND Hotel (灣里•諾嵐酒店) under Beijing Tourism Group, creating a premium smart hotel ecosystem and empowering the cultural and tourism industry upgrade of the Beijing Sub-Centre.

(III) Smart energy: focusing on breakthroughs in clean heating and digitalisation

The Group adhered to the dual-driven strategy of clean heating and digitalisation, achieving breakthroughs in both technology and market presence in large-temperature-difference heat exchange, clean heating for extreme environments, and intelligent dispatch of long-distance heating networks. In Jiaodong Peninsula in Shandong Province, the Group completed the Botong Thermal Power Large-Temperature-Difference Heat Exchange Station Upgrade Project for Weihai Thermal Power Group (威海熱電集團博通熱電大溫差換熱站升級工程), realising the demonstration application of a 65-megawatt-class large-scale fully operational absorption-type large-

temperature-difference heat exchange unit, enhancing the economic efficiency of long-distance heating supply. In Baoqing County, Heilongjiang, the Group developed a full-stack digital-intelligent central system for the long-distance heating network, enabling the safe and intelligent operation of the heating system in severe cold environments, providing a mature solution for the broad northern heating market. The Group smoothly advanced the comprehensive energy efficiency improvement project for the Xinjiang Shihezi Tianhe Thermal Power Plant (新疆石河子天河熱電廠) and its heating supply area, deepening the application of waste steam heat recovery and heat-power synergy. What's more, the Group implemented the “solar energy and geothermal heat” Zero-Carbon Energy Supply Demonstration Project (「天光地熱」零碳供能示範項目) in Tongxin County, Ningxia. The project established a model for rural zero-carbon heating by integrating ground-source heat pumps with solar PVT technology, and was honoured as a “Green Energy Star” Rural Revitalisation Demonstration Project (「綠能星」鄉村振興示範項目).

III. CORPORATE GOVERNANCE AND SUSTAINABLE DEVELOPMENT

During the Year, the Group was in strict compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and relevant regulatory requirements, continuously optimised its corporate governance framework, standardised the operations of the Board, and strengthened internal control and risk management to safeguard the legitimate rights and interests of shareholders and stakeholders.

The Group has integrated green and low-carbon principles in-depth into its business strategy. The smart energy business continues to promote the industrialisation of clean heating, energy-saving, and carbon-reduction technologies, while the smart transportation and smart building business contributes to low-carbon urban operations through intelligent solutions. The Group is committed to practising our environmental, social, and governance (ESG) responsibilities, and promoting the alignment of business development with social and ecological value.

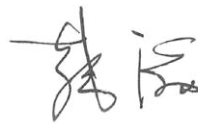
IV. OUTLOOK

Looking ahead to 2026, as the macroeconomy gradually recovers, sectors including new smart city initiatives, clean energy, urban renewal, and the “Belt and Road” infrastructure connectivity will continue to enjoy policy and market opportunities. The Group will adhere to its core strategy of integrating and innovating digital technologies with green and low-carbon development, optimise its business structure, strengthen independent R&D and technological foundations, and enhance its lean operations and risk resilience capabilities.

In the future, the Group will continue to increase its presence in the three core segments: for the smart transportation business, it will accelerate the implementation of overseas projects and further penetrate the domestic hub and urban rail markets; for the smart building and complex business, it will promote benchmark experiences in urban renewal and stock renovation; for the smart energy business, it will expand the market coverage of our clean heating technologies and foster high-growth business drivers. With a more resilient business structure and a more competitive technology matrix, the Group aims to empower high-quality urban development and is dedicated to creating sustainable returns for all shareholders.

V. APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to all shareholders for their enduring trust and support. I also extend my sincere appreciation to the management and all employees for their diligence, commitment, and perseverance. Furthermore, I am deeply grateful to governments at all levels, our clients, partners, and the broader community for their invaluable assistance. The Board will continue to fulfil its duties diligently, exercise prudent judgement in decision-making, and guide the Group to seize opportunities amidst challenges, so as to achieve steady and high-quality development.



Han Tao
Chairman

30 March 2026

Five Year Financial Summary

	2021	2022	2023	2024	2025
(RMB'000)					
Consolidated income statement					
Continuing operations					
Revenue	1,619,065	1,738,878	1,838,010	1,829,233	1,487,561
Cost of sales	(1,301,576)	(1,435,444)	(1,668,687)	(1,684,040)	(1,556,461)
Gross profit/(loss)	317,489	303,434	169,323	145,193	(68,900)
Other revenue	38,200	33,404	27,778	32,252	27,405
Other net (loss)/gain	(17,999)	11,893	830	(3,684)	17,012
Selling and distribution costs	(103,532)	(81,452)	(63,320)	(85,759)	(55,717)
Administrative and other operating expenses	(172,438)	(195,176)	(225,833)	(374,242)	(401,428)
Financial expenses	(7,361)	(6,687)	(8,454)	(10,557)	(10,418)
Profit/(loss) before taxation	54,359	65,416	(99,676)	(296,797)	(492,046)
Income tax	(8,787)	(9,698)	(271)	31,752	(5,355)
Profit/(loss) for the year	45,572	55,718	(99,947)	(265,045)	(497,401)
Equity shareholders of the Company	45,307	55,127	(100,964)	(265,908)	(493,835)
Non-controlling interests	265	591	1,017	863	(3,566)
Profit/(loss) for the year	45,572	55,718	(99,947)	(265,045)	(497,401)
Basic earnings/(loss) per share (RMB)	0.06	0.07	(0.13)	(0.34)	(0.63)
Diluted earnings/(loss) per share (RMB)	0.06	0.07	(0.13)	(0.34)	(0.63)
Non-current assets	1,144,790	1,141,180	1,061,526	1,071,444	1,171,992
Current assets	3,655,135	4,148,614	4,486,800	4,497,478	3,689,888
Current liabilities	1,824,982	2,258,368	2,609,652	2,887,395	2,656,974
Net current assets	1,830,153	1,890,246	1,877,148	1,610,083	1,032,914
Total assets less current liabilities	2,974,943	3,031,426	2,938,674	2,681,527	2,204,906
Non-current liabilities	35,366	33,775	40,141	48,561	69,670
Total equity attributable to equity shareholders of the Company	2,921,727	2,980,325	2,880,190	2,613,760	2,119,596
Non-controlling interests	17,850	17,326	18,343	19,206	15,640
Total equity	2,939,577	2,997,651	2,898,533	2,632,966	2,135,236
Net assets per share (RMB)	3.76	3.83	3.71	3.37	2.73
Financial ratio					
Cost to income ratio	80.4%	82.6%	90.8%	92.1%	104.6%
Pre-tax profit/(loss) margin	3.4%	3.8%	(5.4%)	(16.2%)	(33.1%)
Return/(loss) on Equity	1.6%	1.9%	(3.4%)	(10.1%)	(23.3%)
Current ratio	2.0	1.8	1.7	1.6	1.4

Management Discussion and Analysis

GENERAL

In 2025, under a macroeconomic environment of sluggish domestic demand, investment in the real estate and infrastructure sectors continued to decline, and the room for growth in the Group's target markets was further shrinking. During the year, the Group recorded revenue of approximately RMB1,487.6 million, representing a decrease of 18.7% year-on-year. This decrease was mainly due to weakened investment sentiment in the Group's target markets, which led to a slowdown on new contract conclusion. The sluggish market recovery and intensifying industry competition significantly compressed the profit margins of the Group's secured projects. Additional cost overruns incurred during the execution of certain projects within the year further eroded our profitability, causing a substantial drop in the gross profit margin for the period and materially affecting our overall profitability. Furthermore, increased impairment provisions for certain projects and assets resulted in a loss of approximately RMB497.4 million for the year. Facing the current complex and challenging market environment, the Group will centre its strategy on integrating digital technologies with green and low-carbon development. The Group's will increase investment in its research and development efforts, optimise our business layout, enhance its comprehensive and streamlined management across all operational processes, strengthen lean operations and cost control, and focus on improving our operational efficiency and risk resilience. The Group's goal is to ensure steady growth amidst competition for existing market shares.

BUSINESS REVIEW

Smart Transportation Business

The Group's smart transportation business achieved successive breakthroughs in overseas benchmark projects, national key transport hubs, and urban rail transit network construction, fully demonstrating the Group's leading expertise in fully automated operation and integrated supervision and control for rail transit systems.

During the period, the Group secured contracts for the first phase of a light rail project in Astana, part of the city's New Transit System (新交通系統). As Kazakhstan's first urban light rail line, this project marked a significant infrastructure development project for the Group in countries along the Belt and Road Initiative, and would be carried out with the highest international GoA4 standard for fully automated operation. The project employed a "1+N" high-reliability architecture, integrating various supervision and control systems including those for environmental and equipment control, access control, platform screen doors, and automatic fire alarms, thereby creating an intelligent and coordinated control system for a fully automated operational environment. A customised multilingual interactive system was also deployed, supported by comprehensive scenario simulation testing and an intelligent training framework, ensuring a stable rollout and high-quality delivery of the project. This project will establish another benchmark for the Group's overseas business expansion.

The implementation of the Intelligent Systems Project for Beijing Sub-Centre Station Integrated Transport Hub (北京城市副中心站綜合交通樞紐智能化工程) supports the high-standard construction and intelligent development of Beijing Sub-Centre. Addressing the needs for high coordination and reliability in a complex operating environment of major hubs, the project would deliver a customised environmental and equipment supervision and control system for a super-large integrated transport hub. It would enable a centralised interaction of commands, status monitoring and fault notification, and an optimal balance of high real-time performance, reliability, and scalability. This would comprehensively improve the operational safety, passenger comfort, and overall operational efficiency of the hub, reinforcing the Group's technical advantage and benchmark status in intelligent systems for domestic super-large integrated transport hubs.

During the period, leveraging its proprietary core technologies, the Group played a key role in advancing the network development for Changchun rail transit. For the project of the first phase of Line 7, a highly integrated supervision and control system was deployed to enable multi-system coordination and intelligent linkage, enhancing the overall operational safety and efficiency of the line. The project of the first phase of Line 5 featured a unified integrated supervision and control platform, establishing a highly reliable and collaborative intelligent management centre that would provide a solid technical foundation for the safe and stable operation of the line. The ongoing progress of the Changchun rail transit projects not only enhances the city's rail network operational framework, but also showcases the Group's technical strength and project delivery capabilities in the field of urban rail integrated automation.

Smart Building and Complex Business

Driven by both urban renewal and the upgrading of buildings and industrial parks, the smart building and complex business keeps driving functional iteration through scenario innovation and empowering space operations with digital technology, injecting sustained momentum into urban digital transformation.

The Group undertook the Project for the Outdoor Broadcasting Venue of Building 6 in Zhongguancun Dongsheng Science Park (中關村東升科技園6號院室外演播場工程項目). With the core concept of creating an “urban living room within the park”, the project transformed the original functional steps into a multi-functional dynamic hub for roadshows, social connections, and nightlife economy through spatial reshaping and scene empowerment. It is dedicated to creating a warm and interactive outdoor public space for the innovation and technology community. This project would serve as a quintessential example of enhancing the spatial value in the existing industrial park through “micro-renovation”. By creating high-quality outdoor social space, it would strength the park’s public service functions, and reflect an innovative approach of empowering technology with culture to attract and retain talents through appealing scenarios, significantly boosting the park’s overall vibrancy and sense of belonging. This would support the transformation of Dongsheng Science Park from a traditional industrial cluster into an integrated innovation community, infusing more human-centric, scenario-driven energy into the construction of the International Centre for Science & Technology Innovation (國際科技創新中心) in Beijing.

The Dongsheng Building Network Upgrade and Robotics Integration Software Construction Project (東升大廈網絡改造及機器人集成軟件施工工程) focused on a comprehensive upgrade of the building’s network infrastructure and the deep integration of robotic application software systems. It aimed to meet the diverse needs of the tenant companies for high-speed connectivity and intelligent services, propelling the evolution of traditional office buildings into smart spaces with integrated “perception-analysis-response” capabilities. As a demonstration project for the digital upgrade of Dongsheng Building, it would provide a replicable model for the intelligent renovation of existing urban buildings, strongly supporting the high-quality development of the regional digital economy.

During the period, the Group successfully secured contracts for the Intelligent Systems for Shenyang Hunnan Science City Urban Renewal Project (瀋陽渾南科技城城市更新項目智能化工程). Leveraging a “super cross (超級十字)” spatial layout and focusing on five leading industries, namely advanced materials, intelligent manufacturing, life sciences, information technology, and digital cultural and creative industries, the project is committed to building an intelligent, international, and ecological hub for scientific and technological innovation to revitalise Northeast China. It would assist the Northeast region in exploring and forming a new, high-quality development path featuring “industry-driven urbanisation, urban-enabled industrial growth, and industry-city integration (以產促城、以城興產、產城融合)”.

Smart Energy Business

Closely aligning with the dual-driven strategy of clean heating and digital transformation, the smart energy business focuses on enhancing core technologies and system integration capabilities. Several benchmark projects were successfully delivered within the year, laying a solid foundation for expanding into broader smart energy markets.

During the period, the Group successfully secured contracts for Botong Thermal Power Large-Temperature-Difference Heat Exchange Station and Heating System Optimisation and Upgrade Project for Weihai Thermal Power Group (威海熱電集團博通熱電大溫差換熱站及供熱系統優化升級改造工程). Following the Rongcheng Nuclear Heating Supporting Pipeline and Facilities Construction Project (榮成市核能供熱配套管網及設施建設項目), this project marked another significant breakthrough for the Group in the Shandong Jiaodong Peninsula market. It realises the demonstration application of a dedicated, fully operational absorption-type large-temperature-difference heat exchange unit for a 60-megawatt pressure isolation station. Based on the principle of absorption heat exchange, it effectively widened the supply-return water temperature difference, improving the economic efficiency of long-distance heat transmission. The project has explored a new path for heating technology development and provided strong support for Weihai City in constructing a heating framework characterised by “one city with one network, one network with multiple sources, and multi-energy complementarity (一城一網、一網多源、多能互補)”, showcasing the Group’s technical strength and industry leadership in the large-temperature-difference heat exchange field.

Management Discussion and Analysis

For Qusong County Urban Area Clean Energy Centralised Heating Pilot Project (曲松縣城區清潔能源集中供暖試點項目), an integrated solution centred on “solar thermal as the primary source, heat pumps/electricity as auxiliary, seasonal thermal storage, and intelligent control (光熱為主、熱泵/電輔協同、跨季儲熱、智慧控制)” was developed to address technical challenges such as multi-energy coordination, long-duration thermal storage, and stable operation in extreme cold faced by clean heating in high-altitude and severely cold regions. It marks a significant advancement for the Group in integrating clean heating systems for extreme environments, laying a technical foundation for expanding into the clean heating market for plateau and other special regions.

The Group undertook Baoqing County Heat Source Service Pipe Network Project (寶清縣熱源引入管網工程項目), creating a full-stack digital-intelligent central system integrating “automation of pressure isolation station, long-distance heating network monitoring, intelligent dispatch platform, network security, and drone inspection (隔壓站自控、長輸熱網監控、智能調度平台、網絡安全及無人機巡檢)”. This would enable the safe, efficient, and intelligent operation of the heating system over long distances and in severe cold environments. The project has successfully established an industry benchmark for large-scale, intelligent long-distance heating at the county level, and demonstrated the Group’s profound technical expertise and comprehensive solution capabilities in the digital transformation of urban infrastructure and the integration of complex heating network systems, providing a mature and reliable solution for business expansion of the Group in the broad northern heating market.

OUTLOOK

The Group will continue to advance the integration and innovation of digital technology and green and low-carbon solutions. The Group will focus on the core scenarios of new smart cities, optimise our business layout with firm and clear strategic determination, and promote the mutual empowerment and synergistic force of energy services and technological innovation. By strengthening resource coordination and collaborative efficiency, the Group is able to steadily enhance our independent R&D capabilities in key areas, solidify our technological foundation in intelligent sensing, data interconnectivity, and scenario application, and accelerate the development of systematic solutions covering energy conservation, carbon reduction, and clean energy utilisation. The Group will proactively build a strong presence in frontier sectors, cultivate new growth driver for high potential emerging business opportunities, and empower high-quality urban development with a more resilient business structure and a more competitive technological matrix.

FINANCIAL REVIEW

Revenue

In 2025, affected by the intensifying competition in the saturated market and the bottleneck in effective demand, the Group’s pace of market expansion continued to face growing headwinds and the progress of new contract implementations lagged behind, leading to slower-than-expected revenue conversion. The Group recorded a net revenue of RMB1,487.6 million for the full year, representing a year-on-year decrease of 18.7%. The Group will further strengthen its market expansion capabilities by focusing on in-depth exploration of advantageous regions and core business segments, and concentrate its resources on targeted efforts to overcome key challenges, striving to achieve new breakthroughs in contract signings and thereby providing solid support for revenue growth.

Revenue by business segments

The table below sets forth the Group's revenue by business segments for the years indicated.

	2025		2024		Comparison
	Revenue (RMB'000)	% of revenue	Revenue (RMB'000)	% of revenue	
Smart transportation	227,192	15.3%	435,196	23.8%	-47.8%
Smart building and complex	572,777	38.5%	720,259	39.4%	-20.5%
Smart energy	687,592	46.2%	673,778	36.8%	2.1%
Total	1,487,561	100%	1,829,233	100%	-18.7%

Smart transportation

In 2025, the smart transportation business achieved a revenue of approximately RMB227.2 million, representing a decrease of 47.8% from approximately RMB435.2 million for 2024. The year-on-year decrease in revenue was primarily due to the delayed signing of contracts for certain projects in the second half of the year, and, as a result, the failure to complete related procurement processes as scheduled, which hindered the project implementation and progress. During the period, the Group steadily advanced the implementation of major projects such as the integrated supervision and control system project for the post-construction work of Chongqing Rail Transit Line 27 (重慶軌道交通27號線), the first phase of Line 7, the first phase of Line 5 of Changchun Rail Transit (長春市軌道交通7號線一期、5號線一期), and the first phase of the light rail project for the New Transit System in Astana (阿斯塔納市新交通系統), which contributed the core revenue for this segment. Meanwhile, the Group made certain progress of and recorded settlement income from projects such as Beijing Sub-Centre Station Integrated Transport Hub Project (北京城市副中心站綜合交通樞紐工程), the Capacity Expansion and Upgrade Project for Line 13 of Beijing Rail Transit (北京軌道交通13號線擴能提升工程), and the integrated supervision and control project for Hangzhou-Deqing Intercity Railway Project (杭州至德清市域鐵路工程).

Smart building and complex

The smart building and complex business recorded a revenue of approximately RMB572.8 million, representing a year-on-year decrease of 20.5% from approximately RMB720.3 million in 2024. The decrease in revenue was due to an overall weakening of incremental market opportunities in the domestic construction industry. During the period, the Group successfully implemented and recorded partial settlement income from projects such as the Bank of Communications Gui'an Data Centre (交通銀行貴安數據中心), the digital systems for NOUSLAND Hotel (灣里•諾嵐酒店), a high-end resort brand under Beijing Tourism Group, and the Intelligent Systems for Shenyang Hunnan Science City Urban Renewal Project (瀋陽渾南科技城城市更新項目智能化工程), laying a solid foundation for the segment's performance for the current period. Furthermore, the implementation of projects with CNNC, including the Construction Project for Headway Smart Park (海得威智慧園區建設項目) and the smart park project for China Nuclear Power Operation Technology Innovation Research and Safeguard Base (中國核電運行技術創新研究與保障基地), continued to support the segment's performance.

Smart energy

The smart energy business recorded a revenue of approximately RMB687.6 million in 2025, representing an increase of 2.1% from approximately RMB673.8 million for the corresponding period last year. The Group continued to solidify its market-leading position in the smart energy sector, and accelerate the industrial application of technological innovations. With significant progress in major projects, the Group has demonstrated its strategic determination and operational resilience in a complex external environment. During the period, progress was made on major projects, including the Tianfu Energy Tianhe Thermal Power Plant Heating Project (天富能源天河熱電廠供熱項目), the Daqing Intelligent Heating Project (大慶市智慧供熱項目), the Botong Thermal Power Large-Temperature-Difference Heat Exchange Station and Heating System Optimisation and Upgrade Project for Weihai Thermal Power Group (威海熱電集團博通熱電大溫差換熱站及供熱系統優化升級改造工程), the Taiyuan Centralized Heating Network Integration and Capacity Expansion Project (Phase II) (太原市集中供熱聯網及擴容改造工程(二期)), and the Rongcheng Nuclear Heating Supporting Pipeline and Facilities Construction Project (榮成市核能供熱配套管網及設施建設項目), all of which had made significant contributions to the segment's revenue.

Cost of Sales

The Group's cost of sales decreased by 7.6% from approximately RMB1,684.0 million in 2024 to approximately RMB1,556.5 million in 2025, which was mainly attributable to the decrease in revenue.

Gross Profit

Gross profit decreased from approximately RMB145.2 million in 2024 to approximately RMB-68.9 million in 2025. Gross profit margin for the period was approximately -4.6%. The sluggish market recovery and intensifying industry competition significantly compressed the profit margins of our secured projects. Additional cost overruns incurred during the execution of certain projects within the year further eroded our profitability, causing a substantial drop in the gross profit margin for the period.

Other Revenue

In 2025, the Group recorded other revenue of approximately RMB27.4 million, representing a decrease of approximately 15.4% as compared to approximately RMB32.4 million of 2024, mainly attributable to the decrease in interest income for EMC projects.

Selling and Distribution Costs

Selling and distribution costs of the Group for 2025 were approximately RMB55.7 million, representing a year-on-year decrease of 35.1% as compared to approximately RMB85.8 million for 2024. Selling and distribution costs accounted for 3.7% (2024: 4.7%) of the revenue. Through enhanced management of sales personnel and costs, the Group managed to achieve a reduction in both labour costs and business expenditures.

Administrative and Other Operating Expenses

Administrative and other operating expenses increased by 66.6% from approximately RMB164.2 million for 2024 to approximately RMB273.6 million for 2025. The Group increased its investment in research and development and made additional impairment provisions on certain assets considering changes in the overall industry environment, resulting in a significant increase in administrative and other operating expenses as compared to the corresponding period last year.

Impairment Loss on Trade and Other Receivables and Contract Assets

In 2025, the Group made provision for impairment loss on trade and other receivables and contract assets of approximately RMB127.8 million, representing a year-on-year decrease of approximately 39.1% from approximately RMB210.0 million for 2024. Excluding the impact of the provision for bad debts individually made in 2024, the overall bad debt ratio for 2025 increased compared with 2024, primarily due to extended project payment collection cycles resulting from prolonged payment approval processes by certain clients.

Finance Costs

Finance costs of the Group for 2025 were approximately RMB10.4 million, representing a year-on-year decrease of 1.9% as compared to approximately RMB10.6 million for 2024, which basically remained stable as compared to that for the corresponding period last year.

Income Tax

Income tax increased from approximately RMB-31.8 million in 2024 to approximately RMB5.4 million for the period, mainly attributable to the movement in deferred tax expense.

Loss for the Year

In 2025, the Group recorded the loss of approximately RMB497.4 million, as compared to the loss of approximately RMB265.0 million for 2024. Net profit margin decreased to approximately -33.4% for the year from -14.5% last year. The increase in loss and the decrease in net profit margin for the year were mainly attributable to the decrease in gross profit.

The basic and diluted loss per share from continuing operations of the Group amounted to RMB0.63 (2024: loss per share of RMB0.34).

Working Capital and Financial Resources

The following table sets forth the Group's current assets and liabilities as at the dates indicated:

	As at 31 December 2025 (RMB'000)	As at 31 December 2024 (RMB'000)
Inventories	1,052,166	1,363,757
Trade and other receivables ^(Note 1)	1,594,929	1,801,587
Trade and other payables	2,176,472	2,400,263
Average inventory turnover days	296	264
Average trade receivables turnover days ^(Note 2)	395	329
Average trade payables turnover days ^(Note 2)	464	437

Note 1: Trade and other receivables included trade and other receivables and prepayments

Note 2: The calculation of turnover days excluded other receivables, other payables and related party amounts

The Group's inventories decreased by 22.8% from approximately RMB1,363.8 million as at 31 December 2024 to approximately RMB1,052.2 million as at 31 December 2025. Owing to internal approval processes of certain clients and external factors, the construction progress for the projects slowed down, resulting in a lower inventory turnover rate for some projects. Consequently, the inventory turnover days increased to approximately 296 days as compared to the corresponding period last year.

The Group's trade and other receivables amounted to approximately RMB1,594.9 million as at 31 December 2025, representing a decrease of 11.5% as compared to approximately RMB1,801.6 million as at 31 December 2024. The average trade receivables turnover days increased from 329 days for the corresponding period last year to 395 days. Affected by the current macroeconomic environment and industry-wide adjustments, some clients have extended their payment terms due to delays in the internal review process, resulting in increased turnover days.

The Group's trade and other payables decreased by 9.3% from approximately RMB2,400.3 million as at 31 December 2024 to approximately RMB2,176.5 million as at 31 December 2025. The Group's average trade payables turnover days increased from approximately 437 days in 2024 to approximately 464 days in 2025. The increase in the payables turnover days was attributable to the Group's efforts in optimising its payment schedule to secure longer credit terms, thereby improving capital efficiency.

LIQUIDITY AND FINANCIAL RESOURCES

During the year, the Group financed its operations primarily through cash flow from operations and cash balance on hand. As at 31 December 2025, the Group had cash and cash equivalents of approximately RMB322.6 million, which accounted for 15.1% of the Group's net assets (31 December 2024: cash and cash equivalents of approximately RMB344.7 million).

As at 31 December 2025, the Group's indebtedness consisted of short-term bank loans of approximately RMB263.7 million with an average interest rate of 2.92% per annum, long-term bank loans of approximately RMB5.0 million with an interest rate of 2.7% per annum and secured borrowings of approximately RMB73.0 million with an interest rate of 4.6% per annum.

As at 31 December 2025, the Group's debts were primarily bank loans denominated in RMB. Cash and cash equivalents were primarily bank deposits and cash on hand denominated in RMB, USD, HKD and SGD, and deposits that were readily convertible into known amounts of cash.

As at 31 December 2025, the net debt of the Group was approximately RMB2.5 million (31 December 2024: net debt of approximately RMB2.9 million). Gearing ratio, defined as loans and borrowings divided by total assets, was approximately 6.7% (31 December 2024: approximately 6.2%).

PLEDGE OF ASSETS

As at 31 December 2025, the Group pledged Xinjiang Tianfu South Thermal Power Plant (新疆天富南熱電廠) and the ancillary urban heating network renovation project and the comprehensive energy efficiency improvement project for Tianhe Thermal Power Plant (天河熱電廠) and its heating supply area, and obtained secured borrowings of approximately RMB73.0 million with an interest rate of approximately 4.6%.

EXCHANGE RATE FLUCTUATION RISK

The Group is exposed to currency risk primarily from sales and purchases which give rise to receivables, payables and cash balances denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions related. The currencies exposed to this risk are primarily Singapore Dollars, Canadian Dollars, United States Dollars and Hong Kong Dollars.

However, given the Group's operations are mainly conducted in the PRC and the majority of its sales and purchases are transacted in RMB, the Directors are of the view that as the foreign exchange risk did not have any material impact on the Group's financial performance during 2025, the Group did not enter into any hedging arrangement for its foreign exchange risk. The Group will closely monitor foreign currency movement and will assess the need to adopt any measures in relation to foreign exchange risk from time to time.

CONTINGENT LIABILITIES

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

OFF-BALANCE SHEET ARRANGEMENTS

The Group did not have any special purpose entities that provided financing, liquidity, market risk or credit support to it or were engaged in leasing, hedging or research and development services with it. The Group did not enter into any derivative contracts that were indexed to the shareholders of the Group (the "Shareholders") and classified as Shareholders' equity, or that were not reflected in its financial statements. Moreover, the Group did not have any retained or contingent interest in such assets that were transferred to unconsolidated entities to provide credit, liquidity or market risk support service for such entities.

EMPLOYEE, TRAINING AND DEVELOPMENT

As at 31 December 2025, the Group had a total of 669 employees compared to 669 employees as at 31 December 2024. Total staff costs increased from approximately RMB168.5 million for 2024 to approximately RMB190.2 million for 2025.

As a matter of policy, the Group remunerates its employees based on their performance, experience and prevailing industry practices, with all compensation policies and packages reviewed on a regular basis.

The Group provides regular training for its employees to keep them abreast of the Group's products, technology developments and the market conditions of its industry. The Group also offers additional training for frontline sales staff regarding each new product launched, so as to help them deliver more effective sales and promotion. In addition, the Group's senior management also attends conferences and exhibitions to broaden their knowledge of the industry.

MATERIAL ACQUISITIONS AND DISPOSALS

For the year ended 31 December 2025, the Group had no material acquisition or disposal of subsidiaries or associates.

SIGNIFICANT INVESTMENTS

For the year ended 31 December 2025, the Group had no significant investment, nor was there any plan authorised by the Board for other material investments or additions of capital assets as at 31 December 2025.

Directors and Senior Management

EXECUTIVE DIRECTORS



Mr. Zhao Xiaobo (趙曉波)

Aged 56, is an executive Director and chief executive officer of the Company, responsible for overall strategic planning and general management of the Group. He joined the Group in May 2005 and was appointed as a director on 26 May 2005 and was re-designated as an executive director on 12 April 2011. Mr. Zhao received his Bachelor's degree in Thermal Engineering from Tsinghua University in 1993 and Executive Master of Business Administration from Tsinghua University in 2005. Mr. Zhao was qualified as professor and researcher level senior engineer (教授研究員高級工程師) in 2009.

Mr. Zhao joined Beijing Tsinghua Artificial Environmental Engineering Co. (清華人工環境工程公司), which was the predecessor of THTF (which is listed on the Shanghai Stock Exchange (stock code: 600100)) in 1993, and has worked in various departments within that company, responsible for R&D for product technology, software programming, solutions and sales, project management, as well as business strategies and planning. He had participated in many "intelligent building" projects, such as projects with the Beijing Hotel in the PRC and the Tehran Metro in Tehran, Iran. Mr. Zhao and such projects that he was involved in received various awards including the building low-carbon technology innovation award issued by Ministry of Science and Technology of the PRC (中華人民共和國科學技術部). Mr. Zhao was also previously an assistant to the president of THTF and a general manager of "Digital City Division" of THTF.



Mr. Qin Bing (秦冰)

Aged 48, has been appointed as an executive Director since 24 December 2024. He has been the general manager and the deputy secretary of the Party Committee of Tongfang Smart Energy Group Co., Ltd.* (同方智慧能源有限責任公司) since January 2025, as well as the chairman of the board of directors of Tongfang Energy Saving Engineering Technology Co., Ltd.* (同方節能工程技術有限公司) and Tongfang Kawasaki Advanced Energy-saving Machine Co., Ltd.* (同方節能裝備有限公司) since December 2022.

Mr. Qin started his career as a technical engineer at Digital City Technology Company under Tongfang Applied Information Systems Division (同方應用信息本部數字城市科技公司) in October 2005 and later served in various roles of this company, including the professional chief engineer of the department from July 2006 to February 2007, CCTV project manager from February 2007 to December 2007, the department engineering director from December 2007 to January 2009 and the deputy general manager of the project management centre and the manager of the first engineering department from January 2009 to March 2011. Mr. Qin demonstrated strong expertise and leadership in digital city engineering and energy conservation. He joined Tongfang Digital City Engineering Centre (同方數字城市本部工程中心) and acted as the deputy chief engineer and the deputy general manager of the project management centre from March 2011 to March 2013, as the deputy chief engineer and the manager of the second technology department from March 2013 to February 2016, and later as deputy executive general manager of the energy conservation company from February 2016 to November 2017. Mr. Qin then took on the role of the deputy general

manager of the Tongfang Smart Energy Saving Division (同方智慧節能產業本部) and general manager of Tongfang Energy Saving Engineering Technology Co., Ltd. (同方節能工程技術有限公司) from November 2017 to December 2022, and the deputy general manager and a member of the Party Committee of Tongfang Smart Energy Group Co., Ltd.* (同方智慧能源有限責任公司) from December 2022 to January 2025. Mr. Qin obtained the Bachelor of Engineering from Tsinghua University in July 1999 and later received his doctorate in the same field from Tsinghua University in January 2005.

Mr. Qin was qualified as a professor-level senior engineer in April 2017 and has been recognised for his outstanding contributions as a technical specialist through various provincial and ministerial awards including, among others:

Time	Awards	Organization issuing the awards
October 2008	Third Prize for Excellent Investigation and Design	Tianjin Exploration and Design Association
March 2010	First Prize for Smart Building Design	China Engineering and Consulting Association
February and December 2013	Second Prize for Science and Technology Awards	Xinjiang Production and Construction Corps
January 2015	Second Prize for Smart Building Design	China Engineering and Consulting Association
October 2016	Elite Science and Technology Awards	Beijing Elite Housing Technology Funds
January 2019	Outstanding Entrepreneur in Energy Conservation	ESCO Committee of China Energy Conservation Association
2021	National Quality Engineering Award	China Association of Construction Enterprise Management

NON-EXECUTIVE DIRECTORS



Mr. Han Tao (韓滔)

Aged 43, has been appointed as a non-executive Director since 27 March 2026. Mr. Han has been the chairman and party secretary of Tongfang Smart Energy Co., Ltd.* (同方智慧能源有限責任公司) since December 2025. He has over ten years of experience in corporate management and project administration. From May 2020 to May 2021, Mr. Han served as the deputy manager of the corporate operations department of China Baoyuan Investment Co., Ltd. (中國寶原投資有限公司), and also as the manager of the corporate operations department of China Baoyuan Investment Co., Ltd. from May 2021 to September 2023. From September 2023 to December 2025, Mr. Han worked at Tongfang Industrial Co., Ltd. (同方工業有限公司), where he served as the general manager and party secretary from September 2023 to August 2024, as the chairman, general manager and party secretary from August 2024 to October 2024, and as the chairman and party secretary from October 2024 to December 2025. Mr. Han obtained a bachelor's degree in nuclear engineering and nuclear technology from Tsinghua University in July 2006, and a master's degree in nuclear energy and nuclear technology engineering from Tsinghua University in June 2016. He was awarded the professional qualification of senior engineer (高級工程師資格) in May 2018.



Mr. Zeng Xuejie (曾學傑)

Aged 51, was appointed as a non-executive Director on 17 June 2021. Mr. Zeng has over 18 years of experience in management. He was the head of the planning and development department and secretary to the board of directors in Beijing Jingcheng Water Services Co., Ltd. (北京京城水務有限公司) from July 2004 to December 2007. From December 2007 to October 2009, he was the vice general manager of the asset management department of the China Sciences Group (Holding) Co., Ltd. From October 2009 to June 2015, he successively served as the general manager of the investment development business department, the head of the development and planning department, the head of the operations and management department and secretary to the board of directors in China Aviation International Construction and Investment Co., Ltd (中國航空國際建設投資有限公司). From June 2015 to January 2017, he was the head of the corporate development department, the secretary to the board of directors and assistant to the general manager in the Institute of Architecture Design and Research, CAS. From January 2017 to April 2020, he was the chief investment officer and the manager of the investment department of Tongfang Energy Saving Engineering Technology Co., Ltd., a wholly-owned subsidiary of the Company. From April 2020 to May 2023, he was the general manager of the investment development department of the Smart Energy Saving Division of THTF. From May 2023 to April 2024, he was the chief investment officer of the Carbon Neutrality Research Institute of Tongfang Smart Energy Co., Ltd.* (同方智慧能源有限責任公司). Since April 2024, he has been the general manager of the strategic development department of Tongfang Smart Energy Co., Ltd.* (同方智慧能源有限責任公司).

Mr. Zeng obtained a bachelor's degree in mechatronics from Hunan University (湖南大學) in July 1996 and a master's degree in managerial sciences and engineering from the Beijing University of Technology (北京工業大學) in July 2004. He was qualified as a senior economist and a consulting engineer (investment) in the PRC.



Mr. Gao Peifeng (高沛澧)

Aged 52, has been appointed as a non-executive Director since 27 March 2026.

Mr. Gao has been the party member and deputy general manager of Tongfang Smart Energy Co., Ltd.* (同方智慧能源有限責任公司) since December 2022. Mr. Gao joined Tongfang in 1997 and has successively served in Tongfang Artificial Environment Co., Ltd.* (同方人工環境有限公司) as manager of the quality inspection department, quality director, operations director and deputy general manager. He served as the general manager of Tongfang Artificial Environment Co., Ltd. from September 2013 to May 2023. Mr. Gao obtained a bachelor's degree in heating, ventilation and air conditioning engineering from Hebei University of Engineering in 1997 and a master's degree in power engineering from Tsinghua University in 2009. Mr. Gao obtained the qualification of senior engineer (高級工程師資格) in 2007.

INDEPENDENT NON-EXECUTIVE DIRECTORS



Dr. Li Xuejin (李學金)

Aged 59, was appointed as an independent non-executive Director on 17 June 2025.

Dr. Li has been the associate vice president and the director of the research office at The Chinese University of Hong Kong, Shenzhen (香港中文大學(深圳)), and serves as the Director of the Shenzhen Key Laboratory of Sensor Technology (深圳市傳感器技術重點實驗室主任) and the Shenzhen Engineering Laboratory of Optical Fiber Sensor Networks (深圳光纖傳感網工程技術實驗室主任). Dr. Li has extensive academic and professional experience in the fields of sensor technology and optical fiber sensing technology. From July 1991 to November 1994, Dr. Li worked as an engineer at the Institute of Nuclear Technology, Shenzhen University (深圳大學核技術研究所). From November 1994 to October 1997, Dr. Li served as the laboratory director and a lecturer in the Department of Applied Physics, Shenzhen University (深圳大學應用物理系). From October 1997 to July 2002, Dr. Li was the director, a lecturer, and an associate professor at the Experiment Center, College of Science, Shenzhen University (深圳大學理學院實驗中心). From July 2002 to September 2006, Dr. Li served as the deputy director of the Personnel Department (深圳大學人事處), an associate professor, and then a professor at Shenzhen University. From September 2006 to February 2014, Dr. Li held the position of the director, a professor, and a doctoral supervisor of the Scientific Research Department, Shenzhen University (深圳大學科研處). Dr. Li obtained a doctorate in physical electronics (物理電子學) from Tianjin University (天津大學) in August 2005, a master's degree in microelectronics technology and semiconductor devices (微電子技術與半導體器件) and a bachelor's degree in physics from Heilongjiang University (黑龍江大學) in the People's Republic of China in June 1991 and in June 1988, respectively. He also completed advanced research as a visiting scholar at the Hong Kong University of Science and Technology and pursued English studies at Brunel University in the United Kingdom.

Dr. Li also holds numerous honorary and leadership positions, including Honorary President of the Shenzhen Intelligent Technology and Application Association (深圳智能技術與應用協會名譽會長), Chairman of the Guangdong Sensor Technology Industry-University-Research Alliance (廣東省傳感器技術產學研聯盟理事長), Vice Chairman of the Guangdong Measurement and Control Technology and Equipment Application Promotion Association (廣東省測量控制技術與裝備應用促進會副會長), and Vice Chairman of the Shenzhen Instrument and Automation Industry Association (深圳市儀器儀錶與自動化行業協會副會長). He is also a standing council member of various prestigious organizations, including the Chinese Society for Micro-Nano Devices and Systems Technology (中國儀器儀錶學會微納器件與系統技術學會常務理事), the Guangdong Instrument and Control Society (廣東省儀器儀錶學會常務理事), the Shenzhen Micronano Society (深圳微米納米學會常務理事), and the Shenzhen Optical Society (深圳市光學學會常務理事).

Dr. Li has received numerous awards in recognition of his contributions, including the Shenzhen Science and Technology Innovation Award (深圳市科技創新獎, 2009), the Shenzhen Natural Science Second Prize (深圳市自然科學二等獎, 2019), and the Guangdong Science and Technology Third Prize (廣東省科學技術三等獎, 2010). He has also been honored with titles such as Outstanding Teacher of Shenzhen (深圳市優秀教師), Outstanding Educator of Shenzhen (深圳市優秀教育工作者), Advanced Worker in the Management of National Natural Science Foundation Projects (國家自然科學基金管理先進工作者), and Advanced Worker in the Management of Guangdong Natural Science Foundation Projects (廣東省自然科學基金管理工作先進工作者).



Mr. Chia Yew Boon (謝有文)

Aged 67, was appointed as an independent non-executive Director on 8 September 2011. He received his Diploma of Chemical Engineering from École européenne de Chimie, Polymères et Matériaux (ECPM) (formerly known as École Nationale Supérieure de Chimie de Strasbourg, France) in July 1983. Trilingual in English, French and Chinese, Mr. Chia has high level experience in sovereign wealth fund management, blockchain ecosystem investments, private equity, venture capital, investment banking, education, and government.

Before entering the financial sector, Mr. Chia worked for the Economic Development Board of the Singapore government in various capacities from 1985 to 1990. He then spent eight years in equity research and corporate finance with regional investment banks from 1990 to 1998. From 1999 to 2005, Mr. Chia served as the senior vice president at GIC Special Investments Pte Ltd, a subsidiary of the Government of Singapore Investment Corporation. From 2005 to 2007, he was the chief executive officer of EasyCall International Ltd, a company involved in tertiary education in China and Australia, which was previously listed on the Australian Securities Exchange (stock code: EZY) and Singapore Stock Exchange, and a director of Strategic Planning at Boustead Singapore Limited, an engineering and information technology services company whose shares are listed and traded on the Singapore Stock Exchange (stock code: SGX: F9D). Since April 2007, he has been an independent private equity and venture capital consultant.

Mr. Chia is the founder of Catalyst Advisors International, a company providing consulting services for private equity and venture capital projects. Mr. Chia serves as an advisor to Helicap, a fintech company developing sophisticated credit analytics tools for managing a highly successful private credit fund, building an online investment distribution platform, and plays a similar role in Helicap Labs (Helix), Helicap's spin-off that's building a platform to bridge DeFi liquidity and tokenised real world assets. In the blockchain space, he is also an advisor to Rosemoor Capital, a blockchain ecosystem venture capital investment manager with partners in New York and London.

Mr. Chia is also an independent non-executive director of EC World Asset Management Pte Ltd, which manages EC World Real Estate Investment Trust; EC World REIT is listed on the Singapore Stock Exchange (stock code: SGX: BWCU) and has a diversified portfolio of income-producing real estate used primarily for e-commerce, supply chain management and logistics purposes, with an initial geographic focus on China.



Ms. Lu Yao (陸瑤)

Aged 47, has been appointed as an independent non-executive Director since 29 May 2023.

Ms. Lu has extensive teaching and research experience in the field of economics and management. She has been working at the Department of Finance of School of Economics and Management, Tsinghua University (清華大學經濟管理學院) since December 2009 and has held various key positions, including: (i) assistant professor from December 2009 to December 2012; (ii) associate professor from December 2012 to December 2016; (iii) tenure-track associate professor from December 2016 to July 2020; (iv) tenure-track professor since July 2020; and (v) director of Financial Research Center since February 2024. Ms. Lu is also a member of China Society for Finance and Banking (中國金融學會), a member of China Finance and Accounting Academic Annual Conference (中國財務與會計學術年會), a member of Financial Quantitative Analysis and Computer Professional Committee of China Interdisciplinary Science Research Association (中國交叉科學研究會金融量化分析與電腦專業委員會), a researcher for several institutes and research centers of Tsinghua University and University of Michigan – Ann Arbor, and a member of editorial board of several academic journals, including Economic Management Journal, Corporate Governance: An International Review and Pacific-Basin Finance Journal. Ms. Lu was awarded the Yangtze River Scholar as a distinguished professor by the Ministry of Education of the People's Republic of China in 2024.

Ms. Lu has published 53 papers in top authoritative academic journals, such as Journal of Finance, Management Science, Journal of Financial Economics, Journal of Financial and Quantitative Analysis, Review of Economics and Statistics and Review of Finance and Journal of Corporate Finance. Besides, Ms. Lu has presided over 18 research projects, including key projects funded by Tsinghua University, the Ministry of Education, National Natural Science Foundation of China (國家自然科學基金委員會), People's Bank of China, Ministry of Industry and Information Technology of the People's Republic of China (中華人民共和國工業和信息化部) and State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會). Ms. Lu independently published a monograph titled "Company Mergers and Reorganizations".

Ms. Lu obtained a bachelor's degree in economics from Central University of Finance and Economics (中央財經大學) in 2000, a master's degree in statistics from Stern School of Business, New York University in 2003 and a doctor's degree in business economics from Ross School of Business, University of Michigan – Ann Arbor in 2009.

SENIOR MANAGEMENT



Mr. Zhao Xiaobo (趙曉波)

Please refer to the details set out above under the paragraph headed “Executive Directors”.



Mr. Han Tao (韓滔)

Please refer to the details set out above under the paragraph headed “Non-Executive Directors”.



Mr. Qin Bing (秦冰)

Please refer to the details set out above under the paragraph headed “Executive Directors”.



Mr. Leung Lok Wai (梁樂偉)

Aged 50, is the chief financial officer of the Group and a joint company secretary of the Company. He joined the Group in June 2010. Mr. Leung received his Bachelor’s degree in accountancy from the Hong Kong Polytechnic University in December 1999. He is a member of Hong Kong Institute of Certified Public Accountants and a member of the Institute of Internal Auditors. He has over 20 years of experience in accounting, audit, due diligence and financial management, including transaction services in PricewaterhouseCoopers, group internal audit in Swire Group and audit assurance services in KPMG. Mr. Leung was also the company secretary of Neo-Neon Holdings Limited (stock code: 1868), which is listed on the main board of the Stock Exchange.

JOINT COMPANY SECRETARIES

Mr. Leung Lok Wai (梁樂偉), please refer to the details set out above under the paragraph headed “Senior Management”.

Ms. Chan Lai Yin, aged 51, was appointed as a joint company secretary on 4 July 2025 to satisfy the requirement under the Singapore Companies Act 1967 that all companies incorporated in Singapore shall appoint a company secretary who must be residing locally in Singapore. Ms. Chan is currently a director at Vistra Singapore Corporate Services (“Vistra”). With over 25 years of experience in the corporate secretarial industry, Ms. Chan leads a group of corporate professionals who provide compliance, governance, and regulatory advisory services to the boards and management teams of Vistra’s clients. Ms. Chan is an associate member of the Chartered Secretaries Institute of Singapore (CSIS) and is a Practising Chartered Secretary.

Report of the Directors

The directors of the Company (the “Directors”) have pleasure in presenting their report together with the audited financial statements for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Group is principally engaged in integrated urban energy saving services. Its business covers three major segments including smart transportation, smart building and complex and smart energy, providing the customers with smart energy management products, solutions and integrated services throughout their full life cycles.

BUSINESS REVIEW

The business review of the Group as at 31 December 2025 is set out under the section headed “Management Discussion and Analysis” of this annual report on pages 10 to 17.

ANALYSIS OF FINANCIAL KEY PERFORMANCE INDICATORS

For details of the key financial performance indicators to the performance of the Group’s business, please refer to “Five Year Financial Summary” on page 9 of this annual report.

SUBSIDIARIES

Details of the principal subsidiaries of the Group as at 31 December 2025 are set out in note 14 to the financial statements.

FINANCIAL STATEMENTS

The loss of the Group for the year ended 31 December 2025 and the state of the Company’s and the Group’s affairs as at that date are set out in the financial statements on pages 98 to 158 of this annual report.

DIVIDENDS

During 2025, the Company has not declared any dividend in respect of the financial year ended 31 December 2024. The Board does not recommend any final dividend for the year ended 31 December 2025.

RESERVES

Details of movements in reserves of the Company and the Group are set out in note 24 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2025, the aggregate amount of reserves available for distribution to equity shareholders of the Company was RMB346,033,000 (2024: RMB358,762,000). Details of the reserves of the Company as at 31 December 2025 are set out in note 24 to the financial statements.

CHARITABLE DONATIONS

No charitable donations were made by the Group during the year ended 31 December 2025 (2024: nil).

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment of the Group for the year ended 31 December 2025 are set out in note 11 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year ended 31 December 2025 are set out in note 24 to the financial statements.

DIRECTORS

The Directors during the year ended 31 December 2025 and as at the date of this report were:

Executive Directors

Mr. Zhao Xiaobo (趙曉波)

Mr. Qin Bing (秦冰)

Non-executive Directors

Mr. Han Tao (韓滔) (*Chairman*) (*appointed on 27 March 2026*)

Mr. Zeng Xuejie (曾學傑)

Mr. Gao Peifeng (高沛豐) (*appointed on 27 March 2026*)

Mr. Li Chengfu (李成富) (*resigned on 27 March 2026*)

Ms. Zhang Yanhua (張艷華) (*resigned on 27 March 2026*)

Independent Non-executive Directors

Ms. Lu Yao (陸瑤)

Mr. Chia Yew Boon (謝有文)

Dr. Li Xuejin (李學金) (*appointed on 17 June 2025*)

Mr. Fan Ren Da Anthony (范仁達) (*retired on 17 June 2025*)

The Company has received annual confirmations of independence from each of the existing independent non-executive Directors. The Company considers that all the independent non-executive Directors are independent and that they have met the specific independence guidelines as set out in with Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

Mr. Zhao Xiaobo and Mr. Chia Yew Boon entered into service contracts with the Company for an initial term of one year, commencing from 27 October 2011. Mr. Qin Bing entered into a service contract with the Company for an initial term of one year commencing from 24 December 2024. Mr. Zeng Xuejie entered into a service contract with the Company for an initial term of one year commencing from 17 June 2021. Ms. Lu Yao entered into a service contract with the Company for an initial term of one year commencing from 29 May 2023. Dr. Li Xuejin entered into a service contract with the Company for an initial term of three years commencing from 17 June 2025. Mr. Han Tao entered into a service contract with the Company for an initial term of one year commencing from 27 March 2026. Mr. Gao Peifeng entered into a service contract with the Company for an initial term of one year commencing from 27 March 2026. Each of the service contracts are automatically renewed upon expiration and until terminated by either party upon a three-month prior written notice, except that the service contract with Dr. Li Xuejin may be terminated upon one-month’s prior written notice.

For the Directors newly appointed during the year ended 31 December 2025 and up to the date of this report, Dr. Li Xuejin obtained on 13 June 2025, and each of Mr. Han Tao and Mr. Gao Peifeng obtained on 23 March 2026, before their appointments became effective, the legal advice referred to under Rule 3.09D of the Listing Rules as regards the requirements under the Listing Rules that are applicable to them as Directors and the possible consequences of making a false declaration or giving false information to the Stock Exchange and, each of them has confirmed that he understood his obligations as a Director.

In accordance with Article 104 of the Company’s constitution (the “Constitution”), Mr. Zeng Xuejie and Ms. Lu Yao will retire from the Board at the forthcoming annual general meeting (the “AGM”). Each of Mr. Zeng Xuejie and Ms. Lu Yao, being eligible, will offer himself/herself for re-election. In accordance with Article 108 of the Constitution, Mr. Han Tao and Mr. Gao Peifeng shall hold the office until the AGM, being the next general meeting after their appointment, and shall then be eligible for re-election at the AGM.

No Director proposed for re-election at the AGM has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

REASONS FOR RESIGNATION

During the year ended 31 December 2025 and up to the date of this report, (i) Mr. Fan Ren Da Anthony retired as an independent non-executive Director, a member of the audit committee of the Company, the chairman of the remuneration committee of the Company, a member of the nomination committee of the Company and the chairman of the risk management committee of the Company with effect from 17 June 2025 in order to devote more time for his other business commitments; (ii) Mr. Li Chengfu tendered his resignation as a non-executive Director, the chairman of the Board, a member of nomination committee of the Company, a member of remuneration committee of the Company, the chairman of risk management committee of the Company and an authorised representative of the Company under Rule 3.05 of the Listing Rules with effect from 27 March 2026 due to adjustment of work arrangements; and (iii) Ms. Zhang Yanhua has tendered her resignation as a non-executive Director and a member of risk management committee of the Company with effect from 27 March 2026 due to adjustment of work arrangements.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and senior management are set out on pages 18 to 26 of this annual report.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed below, there was no contract of significance to which the Company, its holding company, or any of its subsidiaries was a party, and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted during or at the end of the year ended 31 December 2025.

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

As at 31 December 2025, the Directors and the chief executive of the Company and their respective associates had the following interests or short positions in the Shares, underlying shares of the Company (the "Shares") and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and the chief executive of the Company are taken and deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions of Directors of Listed Issuers (the "Model Code"):

Long Positions in the Company

Name of Director and chief executive	Capacity/Nature of interest	Number of Shares interested	Approximate percentage of interest in the issued share capital of the Company
Mr. Zhao Xiaobo	Beneficial owner	8,728,000	1.12%

Save as disclosed above, as at 31 December 2025, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short position in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.

At no time was the Company, its holding company, or any of its subsidiaries a party to any arrangements to enable the Directors and the chief executive of the Company (including their spouse and children under 18 years of age) to hold any interest or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

ARRANGEMENT FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director of the Company or their respective spouses or minor children, or were such rights exercised by them, or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate.

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

So far as is known to any Director or chief executive of the Company, as at 31 December 2025, the persons or corporations (other than Director or chief executive of the Company) who had interest or short positions in the Shares and underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of Shareholders	Capacity/Nature of interest	Number of Shares interested	Approximate percentage of interest in the issued share capital of the Company
Tsinghua Tongfang Co., Ltd (同方股份有限公司)	Beneficial owner	92,000,000	11.76%
	Interest in a controlled corporation ⁽¹⁾	194,330,142	24.84%
Resuccess Investments Limited	Beneficial owner	194,330,142	24.84%

Note: Tsinghua Tongfang Co., Ltd (同方股份有限公司) ("THTF") is the sole shareholder of Resuccess Investments Limited and hence is deemed to be interested in all the Shares held by Resuccess Investments Limited.

Save as disclosed above, as at 31 December 2025, the Directors and the chief executive of the Company are not aware of any other person or corporation having an interest or short position in the Shares and underlying Shares of the Company which would require to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE AWARD SCHEME

The Company adopted a share award scheme (the "Share Award Scheme") on 4 December 2015 (the "Adoption Date"), which was to remain in force for 10 years and was expired on 3 December 2025. A summary of the principal terms of the Share Award Scheme is set out as follows:

(i) Purpose of the Share Award Scheme

The purpose of the Share Award Scheme is to recognize the contributions by certain Selected Grantees and to incentivize them to remain with the Group and to motivate them to strive for the future development of the Group, and to attract suitable individuals with experience and ability for further development and expansion of the Group.

(ii) Participants

Under the rules of the Share Award Scheme, the individuals eligible to be granted award(s) thereunder include the following persons: (a) any Executive, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of the Group or of an Eligible Entity; and (b) a director or a proposed director (including an independent non-executive director) of any member of the Group or of an Eligible Entity.

(iii) The total number of shares available for issue under the Share Award Scheme and the percentage of the issued shares that it represents as at the date of the annual report

The maximum number of Shares in respect of which awards may be granted pursuant to the Share Award Scheme is 77,772,218, being 10% of the issued share capital of the Company as at the Adoption Date.

The total number of Shares available for issue under the Share Award Scheme is 77,772,218, being 9.94% of the issued shares (excluding any treasury Shares) as at the date of the annual report.

(iv) Maximum entitlement of each participant

The maximum number of Shares which may be subject to an award or awards to a Selected Grantee at any one time shall not in aggregate exceed 1% of the issued share capital of the Company as at the Adoption Date.

(v) Vesting period of Awards

Awarded Shares held by the Trustee upon the Trust and which are referable to a Selected Grantee shall vest to that Selected Grantee in accordance with a vesting schedule determined at the discretion of the Board, provided that the Selected Grantee remains at all times after the Reference Date and on each relevant Vesting Date(s) an Eligible Person. The Board may also, in its absolute discretion, determine the performance, operating and financial targets and other criteria, if any, to be satisfied by the Selected Grantee before the Awarded Shares can vest. For these purposes the Trustee should be informed by the Company for such revision on the Vesting Date and may treat the vesting schedule (which shall show the Awarded Shares prospectively vesting and actually vesting) as conclusive of the matters shown in that schedule and that, in the case of vested entitlements, the Selected Grantee in question remains a Grantee on the applicable Vesting Date (or any earlier deemed date under the terms of the Share Award Scheme).

(vi) Payment on acceptance of Award

None.

(vii) Basis of determining the purchase price

None.

(viii) The remaining life of the Share Award Scheme

Subject to any early termination as may be determined by the Board pursuant to the terms of the Share Award Scheme, the Share Award Scheme shall be valid and effective for a term of ten (10) years commencing on the Adoption Date. The Share Award Scheme was expired on 3 December 2025.

As at 31 December 2025, to the knowledge of the Company, there was no outstanding Awarded Shares under the Share Award Scheme which have not been vested to the selected grantees. The Company did not grant any share awards under the Share Award Scheme since the Adoption Date. The number of awarded shares available for grant under the Share Award Scheme at the beginning and the end of the financial year is 77,772,218 and nil, respectively.

The number of shares that may be issued in respect of options and awards granted under all schemes of the Company during the year ended 31 December 2025 divided by the weighted average number of shares of the relevant class in issue (excluding treasury shares) for the year ended 31 December 2025 is nil.

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

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries has repurchased, sold or redeemed any of the Company's listed securities (including sale of any treasury Shares).

As at 31 December 2025, the Company held no treasury Shares.

CONTINUING CONNECTED TRANSACTIONS

Connected persons

- (a) Tsinghua Tongfang Co., Ltd. ("THTF"): THTF is a controlling shareholder of the Company (the "Controlling Shareholder") and is therefore a connected person of the Company under Rule 14A.11(1) of the Listing Rules.
- (b) China National Nuclear Corporation ("CNNC"): CNNC is a controlling shareholder of THTF. As the result, CNNC is an associate of a connected person of the Company under Rule 14A.13(1) of the Listing Rules.

The continuing connected transactions

1. *Sales of products to THTF from Technovator Beijing and such other parties procured by Technovator Beijing and agreed by THTF*

On 27 December 2022, Tongfang Technovator International (Beijing) Co., Ltd. ("Technovator Beijing") and THTF entered into a sales agreement (the "2022 Sales Agreement") to commence a new term for the transactions contemplated under the sales agreement dated 24 October 2019, pursuant to which Technovator Beijing agreed to sell or procure such other parties agreed by THTF, including members of the Group, to sell intelligent energy saving related products, equipment and services, which include control security systems, fire alarm systems and energy saving equipment to THTF, its subsidiaries and their respective associates and affiliates from time to time (which includes CNNC and its subsidiaries) (the "Tongfang Group") for a term of three years from 1 January 2023 to 31 December 2025 and annual caps for the years ending 31 December 2023, 2024 and 2025, being RMB420.0 million, RMB460.0 million and RMB510.0 million, respectively. The price at which the Group sells such products to the Tongfang Group will be determined based on normal commercial terms after arm's length negotiation. The Group entered into the 2022 Sales Agreement to accommodate the business needs of the Group's non-core businesses. Further details of the 2022 Sales Agreement are set out in the announcement of the Company dated 27 December 2022 and the circular of the Company dated 31 January 2023.

For the year ended 31 December 2025, the Group sold products to Tongfang Group in the amount of approximately RMB264.1 million, which was within the approved cap of RMB510.0 million.

On 4 December 2025, Technovator Beijing and THTF entered into a sales agreement (the "2025 Sales Agreement") to commence a new term for the transactions contemplated under the 2022 Sales Agreement, pursuant to which Technovator Beijing agreed to sell or procure such other parties agreed by THTF, including members of the Group, to sell intelligent energy saving related products, equipment and services, which include control security systems, fire alarm systems and energy saving equipment to Tongfang Group for a term of three years from 1 January 2026 to 31 December 2028 and annual caps for the years ending 31 December 2026, 2027 and 2028, being RMB310.0 million, RMB310.0 million and RMB320.0 million, respectively. The price at which the Group sells such products to the Tongfang Group will be determined based on normal commercial terms after arm's length negotiation. The Group entered into the 2025 Sales Agreement to accommodate the business needs of the Group's non-core businesses. Further details of the 2025 Sales Agreement are set out in the announcement of the Company dated 4 December 2025 and the circular of the Company dated 12 January 2026.

2. Purchase of raw materials from THTF and such other parties procured by THTF and agreed by Technovator Beijing to Technovator Beijing

On 27 December 2022, Technovator Beijing and THTF entered into a purchase agreement (the “2022 Purchase Agreement”) to commence a new term for the transactions contemplated under the purchase agreement dated 24 October 2019, pursuant to which THTF agreed to sell or procure such other parties agreed by Technovator Beijing, including members of the Tongfang Group, to sell wiring, lighting and other products, equipment and systems and services relating to the Group’s business of energy management, energy saving and environmental protection to the Group for a term of three years from 1 January 2023 to 31 December 2025 and annual caps for the years ending 31 December 2023, 2024 and 2025, being RMB220.0 million, RMB250.0 million and RMB270.0 million, respectively. The price of such goods and services supplied by the Tongfang Group to the Group will be determined based on normal and commercial terms after arm’s length negotiation, with reference to the prevailing market price of similar goods and services at the time of a particular transaction, and in any event no less favorable to the Group than those offered by independent third party suppliers to the Group. The Group entered into the 2022 Purchase Agreement to accommodate the business needs of the Group’s non-core businesses. Further details of the 2022 Purchase Agreement are set out in the announcement of the Company dated 27 December 2022 and the circular of the Company dated 31 January 2023.

For the year ended 31 December 2025, the Group purchased such raw materials from Tongfang Group in the amount of approximately RMB80.0 million, which was within the approved cap of RMB270.0 million.

On 4 December 2025, Technovator Beijing and THTF entered into a purchase agreement (the “2025 Purchase Agreement”) to commence a new term for the transactions contemplated under the 2022 Purchase Agreement, pursuant to which THTF agreed to sell or procure such other parties agreed by Technovator Beijing, including members of the Tongfang Group, to sell wiring, lighting and other products, equipment and systems and services relating to the Group’s business of energy management, energy saving and environmental protection to the Group for a term of three years from 1 January 2026 to 31 December 2028 and annual caps for the years ending 31 December 2026, 2027 and 2028, being RMB190.0 million, RMB190.0 million and RMB190.0 million, respectively. The price of such goods and services supplied by the Tongfang Group to the Group will be determined based on normal and commercial terms after arm’s length negotiation, with reference to the prevailing market price of similar goods and services at the time of a particular transaction, and in any event no less favorable to the Group than those offered by independent third party suppliers to the Group. The Group entered into the 2025 Purchase Agreement to accommodate the business needs of the Group’s non-core businesses. Further details of the 2025 Purchase Agreement are set out in the announcement of the Company dated 4 December 2025 and the circular of the Company dated 12 January 2026.

3. Provide to or receive from the Tongfang Group miscellaneous products and services

On 27 December 2022, Technovator Beijing and THTF entered into a master agreement (the “2022 Master Agreement”) to commence a new term for the transactions contemplated under the master agreement dated 24 October 2019, pursuant to which the Group may provide to or receive from the Tongfang Group miscellaneous products and services for a period of three years from 1 January 2023 to 31 December 2025 as may be required to satisfy the operational needs of the Group/Tongfang Group from time to time in the ordinary course of business of the Group with annual caps for the category of “provision of miscellaneous products and services by the Group to the Tongfang Group” for the years ending 31 December 2023, 2024 and 2025, being RMB20.0 million, RMB25.0 million and RMB30.0 million, respectively, and annual caps for the category of “receipt of miscellaneous products and services by the Group from the Tongfang Group” for the years ending 31 December 2023, 2024 and 2025, being RMB43.0 million, RMB48.0 million and RMB53.0 million, respectively. The Group entered into the 2022 Master Agreement to accommodate the business needs of the Group’s non-core businesses. Further details of the 2022 Master Agreement are set out in the announcement of the Company dated 27 December 2022 and the circular of the Company dated 31 January 2023.

Pursuant to the 2022 Master Agreement, the miscellaneous products and services provided by the Group to Tongfang Group mainly include (i) rental services (including leasing of land and premises); (ii) research and development services and products (including technology licensing); (iii) the use of trademark license; and (iv) sharing of general administration and management support services but exclude any transactions contemplated under the 2022 Sales Agreement. The miscellaneous products and services provided by Tongfang Group to the Group mainly include (i) rental services (including leasing of land, premises, machinery and equipment); (ii) research and development services and products (including technology licensing); (iii) the use of trademark license; and (iv) sharing of general administration and management support services, other than the Existing Trademark License Agreements and any transactions contemplated under the 2022 Purchase Agreement. The prices at which the Group or the Tongfang Group provides such services will be based on the pricing mechanism as disclosed in the announcement of the Company dated 27 December 2022 and the circular of the Company dated 31 January 2023.

For the year ended 31 December 2025, the miscellaneous products and services provided by the Group to Tongfang Group amounted to approximately RMB6.2 million, which was within the approved cap of RMB30.0 million. For the year ended 31 December 2025, the miscellaneous products and services provided by the Tongfang Group to the Group amounted to approximately RMB17.1 million, which was within the approved cap of RMB53.0 million.

On 4 December 2025, Technovator Beijing and THTF entered into a master agreement (the “2025 Master Agreement”) to commence a new term for the transactions contemplated under the 2022 Master Agreement, pursuant to which the Group may provide to or receive from the Tongfang Group miscellaneous products and services for a period of three years from 1 January 2026 to 31 December 2028 as may be required to satisfy the operational needs of the Group/Tongfang Group from time to time in the ordinary course of business of the Group with annual caps for the category of “provision of miscellaneous products and services by the Group to the Tongfang Group” for the years ending 31 December 2026, 2027 and 2028, being RMB50.0 million, RMB50.0 million and RMB50.0 million, respectively, and annual caps for the category of “receipt of miscellaneous products and services by the Group from the Tongfang Group” for the years ending 31 December 2026, 2027 and 2028, being RMB50.0 million, RMB50.0 million and RMB50.0 million, respectively. The Group entered into the 2025 Master Agreement to accommodate the business needs of the Group’s non-core businesses. Further details of the 2025 Master Agreement are set out in the announcement of the Company dated 4 December 2025 and the circular of the Company dated 12 January 2026.

4. The business arrangements with THTF with respect to the intelligent rail transit, building and urban heating network businesses

On 27 December 2022, Technovator Beijing, Tongfang Energy Saving Engineering Technology Co., Ltd. (“Tongfang Energy Saving”) and THTF entered into an business arrangements agreement (the “2022 Business Arrangements Agreement”) to commence a new term for the transactions contemplated under the business arrangements agreement dated 24 October 2019, pursuant to which the parties agreed on the arrangements relating to the Intelligent Rail Transit, Building and Urban Heating Network Businesses for a term of three years from 1 January 2023 to 31 December 2025, including (i) for the projects (including new contracts or projects) which THTF continues to use its name for entering into such contracts and/or projects of the Intelligent Businesses that the legal rights and obligations of which cannot be directly transferred to the Group (the “Nominee Projects”), THTF will assign, sub-contract, delegate or in any other way the parties may mutually agree so that the Group will assume these contracts. The Group will be responsible for performing the work required by the Nominee Projects and entitled to the income from the Nominee Projects. To the extent that the legal rights of THTF under the contracts in respect of any Nominee Projects have not been assigned to the Group, or for any other reasons THTF receives any payment from the customers of any Nominee Projects for any income generated, THTF is required to pay such amount to the Group no later than the balance sheet date of the month in which such amount is received without any additional compensation. THTF undertakes to assist the Group to take up the Nominee Projects without any additional compensation, including but not limited to providing any necessary information to the Group and handling the relevant project completion and settlement procedures as necessary; (ii) If debtors of the Nominee Projects settle debts by paying THTF, THTF is required to pay such amount to the Group no later than the balance sheet date of the month in which such amount is received without any additional compensation; (iii) THTF will act as the party to supply contracts to procure materials or services from third party suppliers for the Nominee Projects and will procure the necessary materials and services from the relevant third party suppliers for the Group upon instruction by the Group, and the Group is required to reimburse THTF for the amount paid by THTF; (iv) THTF agrees that the debts which are part of the liabilities of the Nominee Projects that have not been assumed by the Group as the consent from the creditors has not been obtained, THTF will continue to satisfy such debts. In the event that THTF is required to settle such debt with the relevant third party creditors, the Group is required to reimburse THTF for such amount no later than the balance sheet date of the month in which such amount is paid by THTF; and (v) THTF will continue to support the Group on the continual development and expansion of the Intelligent Businesses. THTF agrees to provide support and cooperation for the Group for the Intelligent Businesses upon reasonable request from the Group including cooperating with the Group to develop new projects and business opportunities in respect of these businesses, being a party to the relevant agreements to facilitate the Group’s conducting of these businesses if necessary, and providing the required information and assistance to complete the relevant projects, in manners similar to the support to be provided by THTF as set out in paragraphs (i) to (iv) above. Such new sales, procurement or project contracts if to be signed by THTF, all of the terms shall be negotiated by the Group. By virtue of the arrangements as set out above, to the extent that any Nominee Projects are not capable to be assigned to the Group, THTF will continue to act as the party to such agreements, and will transfer any payments it receives from the relevant customers of these businesses to the Group without any additional charges. As for new project or contracts that it is necessary or desirable for THTF to be a contracting party, THTF may cooperate with the Group in the performance of such contracts for the relevant customers, and transfer any payments it receives from the relevant customers of the Intelligent Businesses to the Group without any additional charges.

The prices for new sales contracts to which THTF will act as the party will be negotiated with third party customers based on the price range as indicated by the prices charged by THTF (including those Nominee Projects signed in name of THTF) in at least two projects within the past 12 months with scope of services undertaken and/or for past sale of products by the relevant Intelligent Business which most closely resembles the requirements of the new sales contract concerned. The prices for the purchase of material and/or services to be procured under supply contracts subject to the 2022 Business Arrangements will be negotiated with third party suppliers based on the prices paid by THTF (including those Nominee Projects signed in name of THTF) in at least two purchases within the past 12 months for similar material and/or services.

The annual caps for the transactions contemplated under the 2022 Business Arrangements Agreement is RMB1,200.0 million, RMB1,260.0 million and RMB1,160.0 million for the payments to be transferred by THTF to the Group, and RMB980.0 million, RMB1,030.0 million and RMB950.0 million for payments to be transferred by the Group to THTF for the years ending 31 December 2023, 2024 and 2025, respectively. Further details of the 2022 Business Arrangements Agreement are set out in the announcement of the Company dated 27 December 2022 and the circular of the Company dated 31 January 2023.

For the year ended 31 December 2025, the payments transferred by THTF to the Group pursuant to the 2022 Business Arrangements amounted to approximately RMB660.3 million, which was within the approved annual cap of RMB1,160.0 million.

For the year ended 31 December 2025, the payments transferred by the Group to THTF pursuant to the 2022 Business Arrangements amounted to approximately RMB490.3 million, which was within the approved annual cap of RMB950.0 million.

On 4 December 2025, Technovator Beijing, Tongfang Energy Saving and THTF entered into an business arrangements agreement (the “2025 Business Arrangements Agreement”) to commence a new term for the transactions contemplated under the 2022 Business Arrangements Agreement dated 27 December 2022 and a supplemental agreement on 8 January 2026, pursuant to which the parties agreed on the arrangements relating to the Intelligent Rail Transit, Building and Urban Heating Network Businesses for a term of three years from 1 January 2026 to 31 December 2028. The annual caps for the transactions contemplated under the 2025 Business Arrangements Agreement is RMB930.0 million, RMB960.0 million and RMB970.0 million for the payments to be transferred by THTF to the Group, and RMB850.0 million, RMB880.0 million and RMB880.0 million for payments to be transferred by the Group to THTF for the years ending 31 December 2026, 2027 and 2028, respectively. Further details of the 2025 Business Arrangements Agreement are set out in the announcement of the Company dated 4 December 2025, the supplemental announcement of the Company dated 8 January 2026 and the circular of the Company dated 12 January 2026.

The independent non-executive directors of the Company have reviewed these continuing connected transactions and confirmed that such transactions were:

- (i) entered into in the ordinary and usual course of business of the Group;
- (ii) conducted either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from Independent Third Parties; and
- (iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company’s auditor, KPMG, was engaged to report on the Group’s continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor, KPMG, has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in this annual report in accordance with Rule 14A.56 of the Listing Rules.

Details of the significant related party transactions undertaken in the normal course of business are provided under note 27 to the financial statements. None of these related party transactions constitute connected transaction or continuing connected transactions as defined under the Listing Rules that is required to be disclosed, except for those described in the sections headed “Connected Transaction” and “Continuing Connected Transactions” in this report, in respect of which the disclosure requirements in accordance with Chapter 14A of the Listing Rules have been complied with.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

Other than the connected transactions and continuing connected transactions set out above, no effective contract of significance has been entered into between the Company or any of its subsidiaries and the Controlling Shareholders during the year ended 31 December 2025.

NON-COMPETE UNDERTAKINGS

Each of the Controlling Shareholders has confirmed to the Company of his/her compliance with the non-compete undertakings provided to the Company under the Non-competition Agreement (as defined in the prospectus of the Company dated 17 October 2011). The independent non-executive Directors of the Company have reviewed the status of compliance and confirmed that all the undertakings under the Non-competition Agreement have been complied with by the Controlling Shareholders.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors is or was interested in any business apart from the Group's business that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the year ended 31 December 2025 and up to and including the date of this annual report.

MANAGEMENT CONTRACTS

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Constitution or the laws of Singapore where the Company is incorporated applicable to the Company.

EMOLUMENT POLICY

The Group's emolument policies are based on the merit, qualifications and competence of individual employees and are reviewed by the remuneration committee periodically.

The emoluments of the Directors are recommended by the remuneration committee of the Company and are decided by the Board, having regard to the Group's operating results, individual performance and comparable market statistics.

None of the Directors waived any emoluments during the year.

PENSION SCHEME

The employees of the Group's subsidiaries which operate in China are required to participate in defined contribution central pension schemes operated by the local municipal government. The subsidiaries of the Group are required to contribute certain percentages of its payroll costs to the central pension schemes. The contributions are charged to the consolidated income statements as they become payable in accordance with the rules of the central pension scheme. No forfeited contribution is available to reduce the contribution payable in future years.

For the Group's subsidiaries in countries other than the PRC, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Group has no other material obligation for the payment of pension benefits beyond the annual contributions described above.

PERMITTED INDEMNITY PROVISION

Since 1 January 2025 up to and including 31 December 2025, the Company had taken out appropriate corporate liability insurance for its Directors. As of the date of this report, such corporate liability insurance remained effective.

MAJOR CUSTOMERS AND SUPPLIERS

Aggregate sales attributable to the Group's largest and five largest customers for the year ended 31 December 2025 were 10.0% (2024: 7.2%) and 28.9% (2024: 24.1%) of the Group's total sales respectively.

Aggregate purchases attributable to the Group's largest and five largest suppliers for the year ended 31 December 2025 were 3.5% (2024: 3.7%) and 10.0% (2024: 9.9%) of the Group's total purchases respectively.

At no time during the year ended 31 December 2025, did a Director, his/her close associate(s) or a Shareholder, which to the knowledge of the Director owns more than 5% of the Company's share capital, have an interest in any of the Group's five largest customers and suppliers.

AUDITORS

KPMG was the external auditor of the Company in Hong Kong and KPMG LLP was the registered auditor of the Company in Singapore during the year ended 31 December 2025, whose term will end at the conclusion of the forthcoming AGM. During the three preceding financial years, there was no change in the external auditor in Hong Kong and the auditor in Singapore of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float of not less than 25% of the Company's issued Shares as required under the Listing Rules for the year ended 31 December 2025.

BANK LOANS

Details of bank loans of the Group as at 31 December 2025 are set out in note 20 to the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

A number of factors may affect the results and business operations of the Group, some of which are inherent to energy saving industry and some are from external sources. For further details, please refer to the section headed "Management Discussion and Analysis".

RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

For details of relationship with the employees, customers and suppliers, please refer to the paragraphs headed "Emolument Policy" and "Major Customers and Suppliers" in this section.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Our Group is specialized in providing energy saving and environmentally-friendly products. The Group has obtained the ISO14001 Environmental Management System Certification of the China Quality Certification Centre, which is an international standard on the operation of an environmental management system. In addition, we are committed to building an environmentally-friendly corporation that pays close attention to conserving energy. We strive to operate in compliance with the relevant environmental regulations and rules. During the year ended 31 December 2025 and up to the date of this report, the Group does not have any violation of relevant environmental regulations and rules which gives rise to significant impact to the Group's development, performance and businesses.

See also the "Environmental, Social and Governance Report – Environment Protection" in this report for more information.

COMPLIANCE WITH LAWS AND REGULATIONS

Our Group shall comply with relevant laws and regulations in the jurisdictions where the Group operates. The Group's operations are mainly carried out by the Company's subsidiaries in the PRC. Accordingly, our operations shall comply with relevant laws and regulations in the PRC. During the year ended 31 December 2025 and up to the date of this report, the Group does not have any violation of relevant laws and regulations which gives rise to significant impact to the Group's development, performance and businesses.

FIVE-YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 9 of this annual report.

On behalf of the Board

Han Tao
Chairman

30 March 2026

Corporate Governance Report

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to maintaining and promoting high corporate governance standards. The Board believes that good corporate governance is conducive to enhancing overall performance and accountability and is essential in modern corporate administration. The Board of Directors continuously observes the principles of good corporate governance in the interests of Shareholders and devotes considerable effort to identifying and formalizing best practice.

Throughout the year ended 31 December 2025, the Company complied with all code provisions and, where appropriate, adopted the recommended best practices as set out in the Corporate Governance Code in Appendix C1 to the Main Board Listing Rules (the “Corporate Governance Code”), except for deviation from C.5.1 of the Corporate Governance Code regarding the number of board meetings held, the details of which are set out in the paragraph headed “Meetings” below in this report.

Set out below is a detailed discussion of the corporate governance practices adopted and observed by our Company during the year.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 of the Rules Governing the Listing of Securities regarding securities transactions by the Directors. Any employee, director or employee of a subsidiary or the Group (the “Relevant Employees”) who, because of their office or employment, are likely to possess inside information in relation to the Company or its securities are also subject to compliance with the Model Code. Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding directors’ securities transactions during the year ended 31 December 2025. No incident of non-compliance of the Model Code by the Relevant Employees was noted by the Company during the Reporting Period.

BOARD OF DIRECTORS

Board Composition

The directors during the year ended 31 December 2025 and as at the date of this annual report were:

Executive Directors

Mr. Zhao Xiaobo (趙曉波)

Mr. Qin Bing (秦冰)

Non-executive Directors

Mr. Han Tao (韓滔) (*Chairman*) (*appointed on 27 March 2026*)

Mr. Zeng Xuejie (曾學傑)

Mr. Gao Peifeng (高沛豐) (*appointed on 27 March 2026*)

Mr. Li Chengfu (李成富) (*resigned on 27 March 2026*)

Ms. Zhang Yanhua (張艷華) (*resigned on 27 March 2026*)

Independent Non-executive Directors

Ms. Lu Yao (陸瑤)

Mr. Chia Yew Boon (謝有文)

Dr. Li Xuejin (李學金) (*appointed on 17 June 2025*)

Mr. Fan Ren Da Anthony (范仁達) (*retired on 17 June 2025*)

The Board takes overall responsibility to oversee all major matters of the Group, including the formulation and approval of all policy matters, overall strategic development of the Group, monitoring and controlling the Group’s operation and financial performance, internal control and risk management systems. The Directors have to make decisions objectively in the interests of the Company.

The day-to-day management, administration and operation of the Group are delegated to the chief executive officer and the senior management of the Company. The delegated functions and work tasks are periodically reviewed. Approvals have to be obtained from the Board prior to any significant transactions entered into by the aforesaid officers.

The Board is well balanced with the Directors having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group. The executive Directors and independent non-executive Directors bring a variety of experience and expertise to the Company. Biographical information of the Directors is set out in the section headed “Directors and Senior Management” of this annual report. To the best knowledge of the Company, there is no financial, business or family relationship among the members of the Board.

The Company has subscribed appropriate and sufficient insurance coverage on Directors’ liabilities in respect of legal actions taken against Directors arising out of corporate activities.

Board meetings were held from time to time to discuss the business strategies of the Group; monitor financial and operational performance; approve the annual and interim results of the Group; and discuss the corporate governance functions of the Board.

CONTINUOUS PROFESSIONAL DEVELOPMENT FOR DIRECTORS

The Directors have been informed of the requirement under Code Provision C.1.4 of the Corporate Governance Code regarding continuous professional development. According to the records maintained by the Company, the Directors received the following training by attending briefings, seminars, conferences or reading materials with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the requirement of the Corporate Governance Code on continuous professional development during the year ended 31 December 2025:

Name of Director	Corporate Governance/ Updates on Laws, Rules and Regulations		Accounting/Financial/ Management or Other Professional Skills	
	Read materials	Attended seminars briefings	Read materials	Attended seminars briefings
Executive Directors				
Mr. Zhao Xiaobo (趙曉波)	✓	✓	✓	✓
Mr. Qin Bing (秦冰)	✓	✓	✓	✓
Non-executive Directors				
Mr. Li Chengfu (李成富) (Chairman) (resigned on 27 March 2026)	✓	✓	✓	✓
Mr. Zeng Xuejie (曾學傑)	✓	✓	✓	✓
Ms. Zhang Yanhua (張艷華) (resigned on 27 March 2026)	✓	✓	✓	✓
Independent non-executive Directors				
Ms. Lu Yao (陸瑤)	✓	✓	✓	✓
Mr. Chia Yew Boon (謝有文)	✓	✓	✓	✓
Dr. Li Xuejin (李學金) (appointed on 17 June 2025)	✓	✓	✓	✓
Mr. Fan Ren Da Anthony (范仁達) (retired on 17 June 2025)	N/A	N/A	N/A	N/A

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of chairman and the chief executive officer are segregated. Mr. Han Tao is the chairman of the Company and Mr. Zhao Xiaobo is the chief executive officer of the Company. The chairman is responsible in leading the Board in forming the Group's strategies and policies and for organizing the business of the Board, ensuring its effectiveness and setting its agenda. The chief executive officer is directly in charge of the daily operations of the Group and is accountable to the Board for the financial and operational performance of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Independent non-executive Directors have played a significant role in the Board by bringing their independent judgment at the Board meetings and scrutinizing the Group's performance. Their views carry significant weight in the Board's decisions. In particular, they bring an impartial view to bear on issues of the Group's strategy, performance and control. All independent non-executive Directors possess extensive academic, professional and industry expertise and management experience and have provided their professional advice to the Board. The independent non-executive Directors provide independent advice on the Group's business strategy, results and management so that all interests of Shareholders can be taken into account, and the interests of the Company and its Shareholders can be protected. The Group has established mechanism to ensure independent views and input are available to the board.

The Board has three independent non-executive Directors with one of them, Ms. Lu Yao, possessing appropriate professional qualifications or accounting or related financial management expertise in compliance with the requirements set out in Rules 3.10(1) and (2) and 3.10A of the Listing Rules.

The Company has received annual confirmations of independence from each of the existing independent non-executive Directors. Based on the content of such confirmations, the Company considers that all the independent non-executive Directors are independent and that they have met the specific independence guidelines as set out in with Rule 3.13 of the Listing Rules.

DIVERSITY IN BOARD AND WORKFORCE

The Board adopted a board diversity policy (the "Board Diversity Policy") in August 2013. The Company recognises and embraces the benefits of diversity of Board members. While all Board appointments will continue to be made on a merit basis, the Company will ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the Company's business. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge. The nomination committee will review the board diversity from time to time to ensure its continued effectiveness.

The Board consists of seven male members and one female member, aging from 43 to 67 years old. Based on the membership and composition of the Board, the nomination committee considers that the Board has a balanced mix of experiences, including management and strategic development, finance and accounting experiences in addition to relevant industry knowledge. Furthermore, the Board has a good mix of new and experienced Directors, who have valuable knowledge and insights of the Group's business over the years, while the new Directors are expected to bring in fresh ideas and new perspective to the Group.

With regards to gender diversity on the Board, having at least one female representation, the Company recognizes the particular importance of gender diversity and will continue to promote gender diversity of the Board. To ensure gender diversity of the Board in the long run, the Company will identify and select female individuals with a diverse range of skills, experience and knowledge from time to time, and maintain a list of such female individuals, which will be reviewed by the nomination committee periodically. The Company also intends to promote gender diversity across workforce when recruiting staff, including senior management. The Company has a gender ratio of 2:1 in the workforce (including senior management) and will identify and select female employees to maintain greater diversity in the work force. The Company currently has two female directors on the Board and will endeavour to maintain at least one female director on the Board at all times. The decision will be based on merit and contribution that the selected candidates will bring to our Board.

MEETINGS

The Board meets regularly either in person or through electronic means of communications. The number of the Board meetings and general meetings held and the attendance of each Director at these meetings for the year ended 31 December 2025 are set out as follows:

	Board Meeting	General Meeting
No. of meetings held	2	1
No. of meetings attended		
Executive Directors		
Mr. Zhao Xiaobo (趙曉波)	2	1
Mr. Qin Bing (秦冰)	2	0
Non-executive Directors		
Mr. Li Chengfu (李成富) (<i>Chairman</i>) (<i>resigned on 27 March 2026</i>)	2	0
Mr. Zeng Xuejie (曾學傑)	2	0
Ms. Zhang Yanhua (張艷華) (<i>resigned on 27 March 2026</i>)	2	0
Independent non-executive Directors		
Ms. Lu Yao (陸瑤)	0	0
Mr. Chia Yew Boon (謝有文)	1	0
Dr. Li Xuejin (李學金) (<i>appointed on 17 June 2025</i>)	1	N/A
Mr. Fan Ren Da Anthony (范仁達) (<i>retired on 17 June 2025</i>)	1	0

The Company has continued its best effort to fulfill the Code Provision, including but not limited to C.5.1 of the Corporate Governance Code which provides that the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the year, although only two regular Board meetings were held for approving the Group's interim financial performance and annual financial performance, the Directors had frequent communication with each other during the year to discuss the overall operation and strategy of the Group, and actively exchanged their views on the performance of the Group. As such, the Directors are considered to be provided in a timely manner with appropriate information to make informed decisions and perform their duties and responsibilities.

All Directors are provided with relevant materials relating to the matters brought before the meetings. They have separate and independent access to the senior management and the joint company secretaries of the Company at all times and may seek independent professional advice at the Company's expense. All Directors have the opportunity to include matters in the agenda for Board meetings. Notices of at least 14 days of Board meetings are given to the Directors and Board procedures complied with the Constitution, as well as relevant rules and regulations.

JOINT COMPANY SECRETARIES

Mr. Leung Lok Wai (“Mr. Leung”) and Ms. Chan Lai Yin (“Ms. Chan Lai Yin”) are the current joint company secretaries of the Company.

Ms. Chan Wan Mei resigned as a joint company secretary of the Company on 2 May 2025 and Ms. Chan Lai Yin was appointed on 4 July 2025. Details of the biography of Mr. Leung and Ms. Chan Lai Yin are set out in the section headed “Directors and Senior Management” of the annual report of which this corporate governance report forms part. The joint company secretaries have been informed of the requirements under Rule 3.29 of the Listing Rules. Both Mr. Leung and Ms. Chan Lai Yin had attained no less than 15 hours of relevant professional training during the year ended 31 December 2025.

APPOINTMENTS, RE-ELECTION AND REMOVAL OF DIRECTORS

Each of the executive Directors, non-executive Directors and independent non-executive Directors of the Company has entered into a service contract with the Company for a specific term, and is subject to retirement by rotation and re-election at an annual general meeting at least once every three years in accordance with the Constitution. The Constitution provides that any Director appointed by the Board to fill a casual vacancy in the Board or as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. For more details of the service contract of each of the Directors, please refer to the section headed “Report of the Directors” of this annual report.

TERM OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

Mr. Chia Yew Boon entered into service contracts with the Company for an initial term of one year, commencing from 27 October 2011. Mr. Zeng Xuejie entered into a service contract with the Company for an initial term of one year commencing from 17 June 2021. Ms. Lu Yao entered into a service contract with the Company for an initial term of one year commencing from 29 May 2023. Dr. Li Xuejin entered into a service contract with the Company for an initial term of three years commencing from 17 June 2025. Mr. Han Tao entered into a service contract with the Company for an initial term of one year commencing from 27 March 2026. Mr. Gao Peifeng entered into a service contract with the Company for an initial term of one year commencing from 27 March 2026. Each of the service contracts are automatically renewed upon expiration and until terminated by either party upon a three-month prior written notice, except that the service contract with Dr. Li Xuejin may be terminated upon one-month’s prior written notice.

BOARD COMMITTEES

The Board has established (i) audit committee; (ii) remuneration committee; (iii) nomination committee; and (iv) risk management committee, with defined terms of reference. The terms of reference of the board committees which explain their respective roles and the authority delegated to them by the Board are available on the websites of the Company and the Stock Exchange. The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice and other assistance in appropriate circumstances, at the Company’s expenses.

AUDIT COMMITTEE

The Company established an audit committee pursuant to a resolution of the Directors passed on 8 September 2011 in compliance with Rule 3.21 and Rule 3.22 of the Listing Rules. The primary duties of the audit committee are to make recommendation to the Board on the appointment and removal of external auditors, review the financial statements and material advice in respect of financial reporting, and oversee the internal control procedures of the Company. For the year ended 31 December 2025, the audit committee consisted of three members, namely, Ms. Lu Yao, Dr. Li Xuejin (appointed on 17 June 2025) and Mr. Chia Yew Boon, all of whom are independent non-executive Directors. Mr. Fan Ren Da Anthony retired as a member of the audit committee with effect from 17 June 2025 in order to devote more time for his other business commitments. Ms. Lu Yao is the chairlady of the audit committee. None of the members of the Audit Committee is a former partner of the existing external auditors of the Company.

During the year ended 31 December 2025, the Audit Committee mainly performed the following duties:

- reviewed the Group's unaudited interim results for the six months ended 30 June 2025 and the audited annual results for the year ended 31 December 2025, met with the external auditors to discuss such interim results and annual results (without the Company's management being present), and was of the opinion that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has been made;
- reviewed the accounting principles and practices adopted by the Group, and recommended the appointment of the external auditors;
- reviewed the effectiveness of the Group's internal audit function;
- reviewed the effectiveness of the Group's internal control systems on all major operations of the Group, which was considered effective and adequate; and
- assisted the Board in meeting its responsibilities for maintaining an effective system of internal control.

During the year ended 31 December 2025, two meetings were held by the Audit Committee. The attendance record of each member of the Audit Committee at the meetings of the Audit Committee is set out below:

Name of Director	Attendance of Audit Committee Meetings
Ms. Lu Yao (<i>Chairlady</i>)	2
Mr. Chia Yew Boon	1
Dr. Li Xuejin (<i>appointed on 17 June 2025</i>)	1
Mr. Fan Ren Da Anthony (<i>retired on 17 June 2025</i>)	1

There had been no disagreement between the Board and the Audit Committee during the financial year ended 31 December 2025.

REMUNERATION COMMITTEE

The Company established a remuneration committee on 8 September 2011 with written terms of reference. The primary duties of the remuneration committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Company, review remuneration, and ensure none of the Directors determine their own remuneration. The remuneration of a Director is determined with reference to his duties and responsibilities with the Company and the prevailing market situation. For the year ended 31 December 2025, the remuneration committee consisted of three members, namely, Mr. Chia Yew Boon and Dr. Li Xuejin (appointed on 17 June 2025) (both are independent non-executive Directors) and Mr. Li Chengfu (a non-executive Director) (resigned on 27 March 2026). Mr. Fan Ren Da Anthony retired as the chairman of the remuneration committee with effect from 17 June 2025 in order to devote more time for his other business commitments. Dr. Li Xuejin is the chairman of the remuneration committee.

During the year ended 31 December 2025, the Remuneration Committee mainly performed the following duties:

- assessed the performance of the Directors and senior management; and
- reviewed the Group's remuneration policy and the remuneration package of the executive Directors and senior management for the year of 2025 and made recommendations to the Board.

During the year ended 31 December 2025, one meeting was held by the Remuneration Committee. The attendance record of each member of the Remuneration Committee at the meetings of the Remuneration Committee is set out below:

Name of Director	Attendance of Remuneration Committee Meeting
Dr. Li Xuejin (<i>Chairman</i>) (<i>appointed on 17 June 2025</i>)	N/A
Mr. Li Chengfu (<i>resigned on 27 March 2026</i>)	1
Mr. Chia Yew Boon	0
Mr. Fan Ren Da Anthony (<i>retired on 17 June 2025</i>)	1

The remuneration of the members of the senior management by band for the year ended 31 December 2025 is set out below:

Remuneration bands (HKD'000)	Number of persons
0–1,000	3
1,000–1,500	1

Further particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix D2 to the Listing Rules are set out in notes 8 and 9 to the financial statements.

NOMINATION COMMITTEE

The Company established a nomination committee on 8 September 2011 with written terms of reference. The primary duties of the nomination committee are to review the structure, size and composition of the Board on a regular basis and to recommend to the Board the suitable candidates for directors after consideration of the nominees' independence and quality in order to ensure the fairness and transparency of all nominations. The nomination committee will also give consideration to the Board Diversity Policy when identifying suitably qualified candidates to become members of the Board, and the Board will review the Board Diversity Policy, so as to develop and review measurable objectives for implementing the Board Diversity Policy and to monitor the progress on achieving these objectives. For the year ended 31 December 2025, the nomination committee consisted of three members, namely, Mr. Chia Yew Boon and Ms. Lu Yao (appointed on 17 June 2025) (both are independent non-executive Directors) and Mr. Li Chengfu (a non-executive Director) (resigned on 27 March 2026). Mr. Fan Ren Da Anthony retired as a member of the nomination committee with effect from 17 June 2025 in order to devote more time for his other business commitments. Mr. Chia Yew Boon is the chairman of the nomination committee.

The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talents.

The Board Diversity Policy was adopted by the Company, pursuant to which the nomination committee is responsible for reviewing the Board composition by considering a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience. The nomination committee would discuss periodically and, where necessary, agree on the measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth.

During the year ended 31 December 2025, the Nomination Committee mainly performed the following duties:

- reviewed the annual confirmation of independence submitted by the independent non-executive Directors and assessing their independence;
- reviewed the structure, size and composition of the Board during the year;
- discussed the policy for the nomination of directors, which includes the nomination procedures and the process and criteria adopted to select and recommend candidates for directorship; and
- selected and recommended candidates for directorship during the year.

During the year ended 31 December 2025, one meeting was held by the Nomination Committee. The attendance record of each member of the Nomination Committee at the meetings of the Nomination Committee is set out below:

Name of Director	Attendance of Nomination Committee Meeting
Mr. Chia Yew Boon (<i>Chairman</i>)	0
Mr. Li Chengfu (<i>resigned on 27 March 2026</i>)	1
Ms. Lu Yao (<i>appointed on 17 June 2025</i>)	N/A
Mr. Fan Ren Da Anthony (<i>retired on 17 June 2025</i>)	1

RISK MANAGEMENT COMMITTEE

The Company established a risk management committee on 29 March 2016 with written terms of reference. The primary duties of the risk management committee are to consider the risk management strategies of the Company, review the risk management system of the Group, assess the risks from major decisions and to consider solutions for significant risks, have periodic assessment on the Group's risk profile and risk management capabilities, make recommendations on the improvement of the Group's risk management systems, consider major investigations findings on risk management matters and management's response to these findings, oversee the Group's risk management systems on an ongoing basis, ensure that a review of the effectiveness of the risk management systems of the Group has been conducted at least annually and report to shareholders that it has done so in its Corporate Governance Report. For the year ended 31 December 2025, the risk management committee consisted of all the Directors of the Board, namely, Mr. Zhao Xiaobo and Mr. Qin Bing (both are executive Directors), Mr. Li Chengfu (resigned on 27 March 2026), Mr. Zeng Xuejie and Ms. Zhang Yanhua (resigned on 27 March 2026) (all are non-executive Directors), and Ms. Lu Yao, Mr. Chia Yew Boon and Dr. Li Xuejin (appointed on 17 June 2025) (all are independent non-executive Directors). Mr. Fan Ren Da Anthony retired as a member of the risk management committee with effect from 17 June 2025 in order to devote more time for his other business commitments. Mr. Li Chengfu was the chairman of the risk management committee during the year ended 31 December 2025.

During the year ended 31 December 2025, the Risk Management Committee mainly performed the following duties:

- assess and review the effectiveness of the risk management system of the Group which was considered effective and adequate; and
- assisted the Board in meeting its responsibilities for maintaining an effective system of risk management.

During the year ended 31 December 2025, one meeting was held by the Risk Management Committee. The attendance record of each member of the Risk Management Committee at the meeting of the Risk Management Committee is set out below:

Name of Director	Attendance of Risk Management Committee Meeting
Mr. Zhao Xiaobo	1
Mr. Qin Bing	1
Mr. Li Chengfu (<i>Chairman</i>) (<i>resigned on 27 March 2026</i>)	1
Mr. Zeng Xuejie	1
Ms. Zhang Yanhua (<i>resigned on 27 March 2026</i>)	1
Ms. Lu Yao	0
Mr. Chia Yew Boon	0
Dr. Li Xuejin (<i>appointed on 17 June 2025</i>)	N/A
Mr. Fan Ren Da Anthony (<i>retired on 17 June 2025</i>)	1

CORPORATE GOVERNANCE FUNCTION

The Company's corporate governance function is carried out by the Board pursuant to a set of written terms of reference adopted by the Board in compliance with Code Provision A.2.1 of the Corporate Governance Code, which include (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the board; (b) to review and monitor the training and continuous professional development of the Directors and senior management of the Group; (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 of the Group and the Directors; and (e) to review the Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report. The Board has held meetings from time to time to: (a) review the Company's policies and practices on corporate governance; (b) to review and monitor the training and continuous professional development of the Directors; and (c) to review the Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report.

CONSTITUTION

There has been no significant change in the Company's constitutional documents during the year ended 31 December 2025.

FINANCIAL REPORTING

The Board, supported by the chief financial officer and the finance department, is responsible for the preparation of the financial statements of the Company and the Group for each financial year which shall give a true and fair view of the financial position, performance and cash flow of the Group for that period. The directors acknowledge their responsibilities for preparing the accounts of the Company. The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

The responsibilities of KPMG, the Company's external auditors in Hong Kong, on the financial statements are set out in the section headed "Independent Auditor's Report" in this annual report.

EXTERNAL AUDITORS' REMUNERATION

The Company has re-appointed KPMG as the external auditor in Hong Kong and appointed KPMG LLP as the Company's registered auditor in Singapore during the year ended 31 December 2025. The external auditors are refrained from engaging in non-audit services except for specific approved items. The Audit Committee reviews the external auditor's statutory audit scope and non-audit services and approves its fees. For the year ended 31 December 2025, the total fee paid/payable in respect of audit and non-audit services provided by the Company's external auditors (including any entity that is under common control, ownership or management with the external auditors or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the external auditors nationally or internationally) is set out below:

	RMB'000
Audit and audit-related services	3,890
Non-audit services	126
	4,016

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board is responsible for ensuring the reliability and effectiveness of the Group's internal control systems on, among other things, financial, operational and compliance controls (including handling and dissemination of inside information), and the risk management system. In particular, regarding the controls for handling and dissemination of inside information, the employees, senior management and the Directors of the Company who possesses or handles inside information are reminded of the inside information requirements under the Listing Rules and the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). The Directors, with the assistance of Mr. Leung Lok Wai, a joint company secretary of the Company, and the internal audit department of the Company, are responsible to ensure that inside information, if any, is kept confidential and disseminated to the public to avoid a false market in the listed shares of the Company as and when necessary. The Company may also seek professional advice to consider the dissemination of inside information to the public as and when necessary to ensure the Company will comply with the requirements under Listing Rules and the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). The internal control and risk management systems are designed to provide reasonable, but not absolute assurance against misstatement or loss, and to manage risks of failure in the Group's operational systems. The Group's internal control systems and risk management systems are reviewed at least annually.

The Board together with the audit committee and the risk management committee have reviewed the effectiveness of the Group's risk management, internal control and ESG risks systems on all major operations of the Group during the year under review.

The Group has an internal audit function carried out by the Group's internal audit department. The Group's internal control department has reported internal control fact findings to the Board and no major issues but areas for improvement have been identified. All of the recommendations from the Group's internal control department will be properly followed up by the Group to ensure that they are implemented within a reasonable period of time. Similar process has been carried out for the risk management systems. The Board and the audit committee considered that the key areas of the Group's internal control systems, including the adequacy of resources, qualifications and experience of our accounting and financial reporting staff, training programmes and budget of the Company's accounting, internal audit, financial reporting functions, as well as those relating to the Company's ESG performance and reporting, are reasonably implemented and effective and adequate. The Board and the risk management committee considered that the key areas of the risk management, including the identification, measuring and evaluation new risks, and the ongoing monitoring of existing business and operation risks identified to be effective and adequate. As such, the Board is of the view that the Group has fully complied with provisions of the Corporate Governance Code regarding internal control and risk management systems in general for the year ended 31 December 2025.

SHAREHOLDERS' RIGHTS

How Shareholders can convene an extraordinary general meeting and put forward proposals at Shareholders' meetings

Under the Constitution, Directors may in general, whenever they think fit, convene extraordinary general meetings. Under Section 176 of the Companies Act 1967 of Singapore (the "Singapore Companies Act"), however, directors of the Company must notwithstanding anything in its Constitution, on the requisition of shareholders holding not less than 10% of the total number of paid-up shares of a company at the date of the deposit of the requisition, immediately proceed to convene an extraordinary general meeting to be held as soon as practicable but in any case not later than 2 months after receipt by the company of the requisition. In addition to the said right of requisition, two or more shareholders holding not less than 10% of the total number of issued shares of a company (excluding treasury shares) may also call a meeting of the company.

Procedures by which enquiries may be put to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to Mr. Leung Lok Wai, a Joint Company Secretary by mail at the Company's principal place of business in Hong Kong or by email at paddy_leung@thtf.com.cn. Mr. Leung Lok Wai will forward communications relating to matters within the Board's direct responsibilities to the Board and communications relating to ordinary business matters, such as suggestions, enquiries and customer complaints, to the chief executive officer of the Company.

COMMUNICATIONS WITH SHAREHOLDERS

The management endeavours to maintain effective communications with the Shareholders and potential investors. To enable shareholders and other stakeholders to exercise their rights in an informed manner based on a good understanding of the Group's operations, businesses and financial information, the Company adopted the shareholders communication policy which aims to ensure that shareholders and other stakeholders at large are provided with ready, equal, regular and timely access to material information about the Group. The policy also sets out a number of ways to ensure effective and efficient communication with shareholders and other stakeholders is achieved.

The Company meets the Shareholders at the annual general meeting, publish interim and annual reports on the websites of the Company and the Stock Exchange, and release press releases on the Company's website to keep the Shareholders and potential investors abreast of the Group's business and development. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries. In respect of each matter to be considered at the annual general meeting and other general meetings, including the re-election of Directors, a separate resolution will be proposed by the chairman of the Board. The chairman of the Board and the chairmen of the Board Committees and, in their absence, other members of the respective committees, will be available at the annual general meeting and the other general meetings to meet with the Shareholders and answer their enquiries. The Company will also invite representatives of the auditor of the Company to attend the annual general meeting of the Company to answer Shareholders' questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence. As such, the Board is of the view that the shareholders communication policy has been properly implemented and effective and the Group has fully complied with provisions of the Corporate Governance Code regarding communication with shareholders in general for the year ended 31 December 2025.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy"). According to the Dividend Policy, in deciding whether to declare or recommend dividends, the Board shall consider the Company's ability to pay dividends, which will depend upon, among other things:

- the actual and expected financial results of the Group;
- cashflow of the Group;
- financial conditions of the Group;
- Shareholders' interests;
- general business conditions and strategies;
- the current and future operations of the Group;
- future business plans of the Group;
- liquidity and capital requirements of the Group;
- taxation considerations;
- amount of distributable profits;
- contractual restrictions;
- statutory and regulatory restrictions under Singapore laws, any applicable laws, rules and regulations and the Company's Constitution; and
- any other factors the Board may deem relevant.

The Board will review and reassess the Dividend Policy and its effectiveness in its sole and absolute discretion on a regular basis or as required.

Environmental, Social and Governance Report

ABOUT THE REPORT

This report is the tenth Environmental, Social and Governance Report (the “Report”) published by Technovator International Limited. The Report focuses on the Group’s efforts and contributions to environmental, social and governance. We hope that through the publication of the Report, we will strengthen communication and liaison with our stakeholders.

The board of directors and all the directors of the Group hereby assure that the contents of the Report do not contain any false representations, misleading statements or material omissions and assume joint and several liability for the truthfulness, accuracy and completeness of the contents.

Designation and Interpretation

For the purposes of easy reference and readability, the expressions “Technovator”, the “Group” or the “group” used herein refer to “Technovator International Limited”.

Scope of the Report

Unless otherwise stated, the qualitative and quantitative information disclosed herein cover all subsidiaries and branches of Technovator. There are no significant changes in the scope of the Report as compared with that in 2024.

Reporting Period

The Environmental, Social and Governance Report of the Group is prepared on annual basis, with the reporting period from 1 January 2025 to 31 December 2025.

Basis of Preparation

The Report has been prepared in accordance with the requirements of the Environmental, Social and Governance Reporting Code (the “ESG Reporting Code”) as set out in Appendix C2 of the Listing Rules of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Access to the Report

The Chinese and English versions of the Report can be downloaded from the website of the Stock Exchange (<http://www.hkexnews.hk>). The Report is published in both Chinese and English. Should there be discrepancies between the two versions, the Chinese version shall prevail.

CONCEPTS AND MANAGEMENT ON ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

The Group attaches great importance to the issues related to environmental, social and governance (ESG), performs its corporate social responsibilities proactively and is committed to establish itself as an outstanding corporate citizen in China. The Group also recognises the importance of good corporate governance and risk management processes, including the management of ESG matters that are critical to sustainable development.

The board of directors of the Group is the highest decision-making body for ESG management which is responsible for guiding the Group's sustainability direction, setting the Group's overall vision, objectives and management strategy for sustainable development, regularly reviewing ESG materiality issues, and discussing and identifying ESG risks and opportunities. It considers the management and enhancement of key issues as part of ESG's annual strategic task which is taken into account as part of the formulation of the Group's overall strategy in order to monitor issue management and performance. The board of directors reviews the Group's annual ESG report every year, and the Group's joint company secretaries organise various departments such as party and mass affairs department, human resources department, general management department, operations and management department, logistics and purchasing department, production and manufacturing department, safety and quality department and chief engineer office, to jointly form an ESG working group (the "ESG Working Group"), and gradually improve the ESG governance structure. The working group has established statistical processes of relevant data for the core ESG management areas of the Group in order to disclose information on environmental, social and governance accurately and completely. The Group identifies the priority of ESG issues through communication with stakeholders and the materiality assessment of ESG issues in order to clarify the direction for the Group's sustainable development.

STAKEHOLDERS ENGAGEMENT AND RESPONSE TO THE ESG REPORTING PRINCIPLES OF THE STOCK EXCHANGE

Stakeholders Engagement

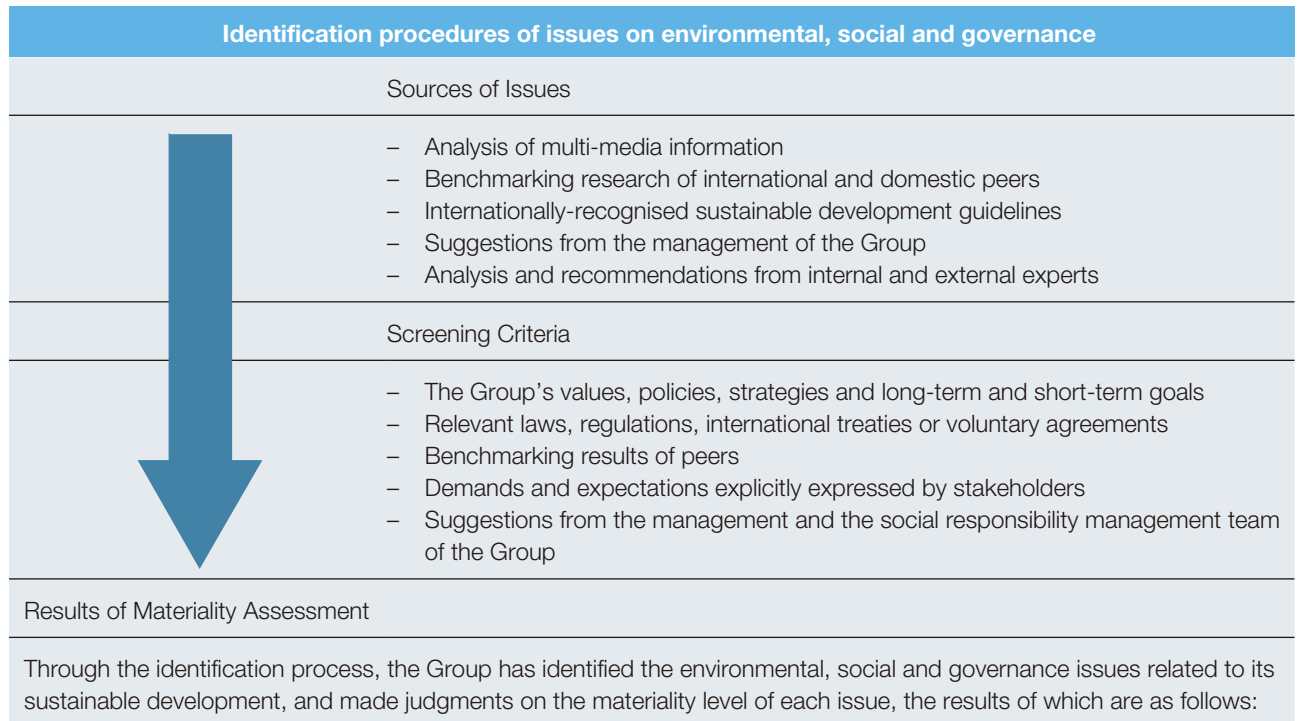
Combining the business model with internal and external communication, the Group has identified the major types of stakeholders which have mutual influence with its corporate operations and determined the ESG focus areas for the Group through analysing the concerns of stakeholders in combination with the environmental, social and governance impact caused by the Group's own operations.

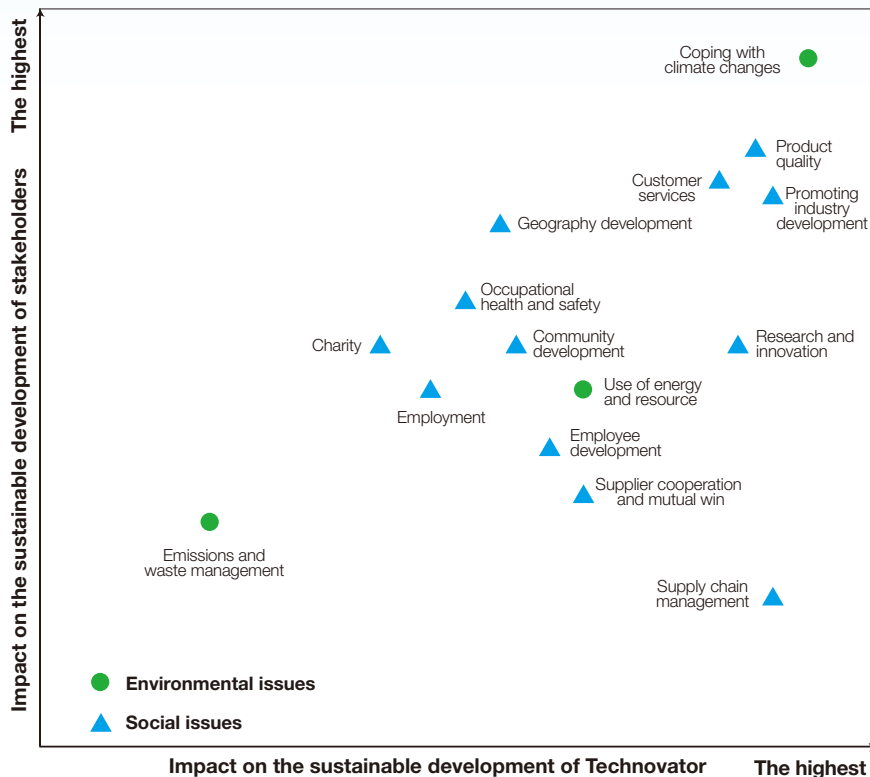
The major types of stakeholders of the Group include:

Stakeholders	Demands and expectations	Communication and participation	The Group's response
Government and Supervision Authorities	<ul style="list-style-type: none"> – Comply with laws and regulations – Promote technology advancement – Serve for the national economy and people's livelihood 	<ul style="list-style-type: none"> – Visit reception – Report submission – Company website – Negotiation and cooperation 	Strictly comply with relevant laws and regulations; promote technology advancement; vigorously advocate energy conservation and emission reduction
Shareholders	<ul style="list-style-type: none"> – Maintain good business – Compliance operation – Information disclosure 	<ul style="list-style-type: none"> – Company announcement – Project report – Visit reception 	Endeavour to improve performance and generate profits; improve environmental and social responsibility management; disclose information in full in a truthful manner
Customers	<ul style="list-style-type: none"> – Provide high quality products and services – Satisfy customers' various demands 	<ul style="list-style-type: none"> – Regular communication with customers – Customers' satisfaction survey – Customers' complaint handling and feedback 	Provide sufficient, reliable and eco-friendly energy-saving products and services to fully meet customers' needs
Employees	<ul style="list-style-type: none"> – Protect employees' rights and interest – Guarantee occupational health – Focus on training and development – Work-life balance 	<ul style="list-style-type: none"> – Employees' meeting – Employees' suggestions platform 	Strictly observe the terms of labour contracts; improve the system of the congress of employees; improve the salary and employee security system; provide avenues for vocational advancement and training
Suppliers and Partners	<ul style="list-style-type: none"> – Open, fair and impartial purchasing – Honour contracts – Mutual and win-win benefit 	<ul style="list-style-type: none"> – Signing contracts pursuant to laws – Open tendering – Project cooperation 	Adhere to open and transparent business principles and processes; actively fulfil contracts and agreements; facilitate mutual visits and communication
Community	<ul style="list-style-type: none"> – Participate in community's development – Support public activities – Assist educational business 	<ul style="list-style-type: none"> – Community activities involvement – Interview and communication 	Extensively organise and actively participate in public welfare; build harmonious and civilised communities; assist in the development of education

Response to the ESG Reporting Principles of the Stock Exchange

Principle of Materiality: In order to further identify the key areas of practices and information disclosure for corporate ESG, enhance the pertinence and responsiveness of the report, the Group has initiated the identification procedures for material issues and has decided the materiality level of each issue with the principle of materiality to clarify the extent and boundary of the disclosure, ensuring a more accurate and complete disclosure of information related to the operation management of the Group.





Material Matrix of ESG Issues of Technovator

Principle of Quantitative: In accordance with “Key Performance Indicator” requirements in the Environmental, Social and Governance Reporting Code set out in Appendix C2 under the Listing Rules and Guidance of the Stock Exchange, the Group discloses quantitative indicators related to the “environmental” and “social” categories and makes explanation on immaterial indicators.

Principle of Balance: The Report discloses the efforts that we made to provide an objective, fair and authentic reflection of the effectiveness and practice of the Group’s 2025 ESG work, and discloses the issues encountered and the improvement measures for such issues in a responsible manner.

Principle of Consistency: The Report follows a consistent method of information statistics. The scope of the information statistics in 2025 is consistent with 2024, and data for certain indicators is disclosed for three consecutive years since 2023.

§1 COPING WITH CLIMATE CHANGES

At present, abnormal climate phenomena such as global warming remain a global concern. The goal of carbon peak and the vision of carbon neutrality put up by the PRC means that stricter requirements are being placed on coping with climate change, promoting low carbon development and building an ecological civilisation. As a leading urban smart energy-saving service provider in the PRC, by performing the corporate responsibility of “conserving energy for the country and saving resources for the people”, the Group consistently provides “Intelligence + Energy Saving” solutions for urban development in fields such as smart transportation, smart building and complex and smart energy so as to promote the smart, green and healthy development of cities. We strive to provide people with a safe, comfortable, energy-saving and sustainable smart environment to cope with the challenges posed by climate change. The Group has set out our efforts and future direction for tackling climate change by the areas of governance, strategy, risk management, and distinction between indicators and targets.

Governance

In terms of governance, the board of directors is the highest decision-making body for ESG management which is responsible for guiding the Group’s sustainability direction as well as discussing and identifying ESG risks and opportunities, including those related to coping with climate change. The ESG Working Group is formed by the collaboration among various departments to jointly identify and study the impact of climate change on our operations. With reference to the TCFD (the Task Force on Climate-related Financial Disclosures) framework, we gradually carried out status quo review, strategy formulation, risk management, identification and management of indicators and targets in relation to the possible risks and opportunities faced by the Group as a result of climate change.

Strategies

Climate-related risks include risks in relation to the transition to a low-carbon economy (hereinafter referred to as the “Transition Risks”) and risks in relation to the physical impact of climate change (hereinafter referred to as the “Physical Risks”). Among them, the Transition Risks may be classified into policy and legal risks, technical risks, market risks and reputational risks, while the Physical Risks include acute risks (extreme weather conditions such as typhoons and floods) and chronic risks (changes in climate pattern such as persistently high temperatures).

In the face of the challenges posed by global climate change, we proactively identify and seize on the opportunities they present. With the ongoing integration of the principle of sustainable development, we have discovered substantial potential for green transformation in areas such as smart transportation, smart building and complex, and smart energy. We strive to achieve a win-win situation of economic and social benefits through technological innovation and industrial upgrading. Therefore, we regard promoting the smart, green and sustainable development of cities as our core mission, and support sustainable development of cities by providing “Intelligence + Energy Saving” solutions.

Type of risks/opportunities	Description of risks/opportunities	Impact on operation	Impact on financial position	Response measures
Physical risks	<ul style="list-style-type: none"> Extreme weather conditions such as extreme high temperature, typhoons and floods 	<ul style="list-style-type: none"> Operation interruption Equipment damage 	<ul style="list-style-type: none"> Decline in operating revenue Increase in operating costs 	<ul style="list-style-type: none"> Developing emergency response plans for extreme weather and organising emergency drills Improving the emergency response mechanism for natural disasters, stockpiling emergency supplies, and strengthening safety inspections
Transition risks	<ul style="list-style-type: none"> Policy and legal risks in relation to the transition to a low-carbon economy, technical risks, market risks and reputational risks 	<ul style="list-style-type: none"> Operational disruption Loss of market share Reputational damage 	<ul style="list-style-type: none"> Decline in operating revenue Increase in operating costs 	<ul style="list-style-type: none"> Staying abreast of carbon emission policies and regulatory developments to respond to policy and legal updates in a reasonable manner Promoting technological innovation and product iteration and upgrading
Market opportunities	<ul style="list-style-type: none"> Business opportunities brought by green products and services 	<ul style="list-style-type: none"> Business expansion Increase of market share 	<ul style="list-style-type: none"> Increase in operating revenue Decline in operating costs 	<ul style="list-style-type: none"> The smart transportation business promotes technological innovation and product iteration and upgrading Developing the building energy saving business to create zero-carbon parks Saving energy and enhancing efficiency in the field of central heating intelligence

In the field of smart transportation, the Group has intensively explored the informatisation, intellectualisation as well as energy-saving and carbon reduction of smart transportation with our business covering various fields including urban rail transit, intercity railway and lightweight passenger transport system. Following the solid implementation of the “renewal and replacement (兩新)” and “significant strategies and critical fields (兩重)” policies, the transportation sector saw an appreciable acceleration in the renewal and upgrading of large-scale equipment. The Group further expanded its business in the renovation and upgrading of the integrated monitoring and control systems, and the ventilation and air-conditioning systems for existing lines of urban rail transit, serving the intelligent and green renovation and upgrading of the nation’s transportation sector.

The smart transportation business of the Group further consolidates its industry-leading position through deeply integrating cutting-edge technologies, promoting technological innovation and product iteration and upgrading. During the reporting period, the Group independently developed a “Smart Station Operation Platform (智慧車站運營平台)”. Building upon the integration of the systems such as ISCS and CCTV, the platform has further expanded its energy management and energy-saving control capabilities. It incorporates new IoT sensing devices for humidity, light, air quality, and other parameters, to monitor station environments and energy consumption data in real time. Leveraging deep learning algorithms, the platform integrates historical data, real-time passenger flow, weather and other information to build an energy consumption prediction model. It will accurately forecast energy demand and dynamically regulates the operation modes of ventilation, water, lighting, and other systems. This platform can reduce the energy consumption of ventilation and air conditioning in subway stations by approximately 20%, thereby effectively contributing to emission reduction and low-carbon goals, and significantly improving energy efficiency.

In the field of smart building and complex, the Group is constantly committed to developing its building energy saving business and actively cooperates with the state in promoting the dual-control of carbon emissions and construction of zero-carbon parks. The Group will further focus on the demand on low-carbon transformation from high energy consuming buildings and parks, promote in-depth coupling of the advantageous business scenarios of smart buildings and complexes with comprehensive energy services, provide comprehensive solutions for smart, energy-saving and energy utilisation as well as energy-carbon operation services, so as to accelerate the creation of a new benchmark for zero-carbon parks.

During the reporting period, the Group undertook the intelligent building control system project of Taihang National Laboratory (太行國家實驗室). The project adopted the Techcon Neosys building control system independently developed by Technovator to deploy over 1,200 high-performance DDC controllers and more than 1,600 high-sensitivity sensors, establishing an intelligent monitoring system covering more than 20 buildings in the park and over 85,000 controlled points. The system not only achieved high-precision temperature control of $\pm 0.3^{\circ}\text{C}$ in precision experimental areas, passed Level 3 certification under the Classified Protection of Information System 2.0, and realised 100% domestic substitution, but also, by leveraging proprietary AI algorithms, enabled precise, automated optimisation and control across all scenarios for facilities such as HVAC, environmental monitoring, and photovoltaic systems. Since the system was put into operation, the comprehensive energy saving rate of the project has increased by 20% compared with other newly built parks in the Tianfu New Area (天府新區), with a 98% accuracy rate for equipment fault warning, and a 100% compliance rate for experimental environmental parameters. It has become the first project in China’s national laboratory system to achieve full domestic substitution of its building control systems.

During the reporting period, the Group undertook the Jinkong High-Tech City Project in Shenmu (神木市金控高科技項目). The first phase of the project covered a total gross floor area of 200,000 square meters, comprising ten standard factory buildings, one comprehensive service building (including an employee canteen, a monitoring centre server room, and a park exhibition centre), supporting dormitory areas, and gatehouses. The project adopted Neosys controllers to receive MES production scheduling instructions in real time, pre-adjusting workshop environmental parameters 15 minutes in advance to ensure the stable operation of high-precision equipment. At the same time, the project achieved end-to-end self-controllability from chips to the application layer, passed Level 3 certification under the Classified Protection of Information System 2.0, and implemented localised storage of core data, laying the foundation for applying for the “National Industrial Information Security Pilot (國家工業信息安全試點)” designation. The Neosys controllers also featured edge autonomy and offline operation guarantee functions, ensuring continuous operation of critical systems. The project introduced photovoltaic monitoring and load optimisation strategies, prioritised the use of clean energy and participated in peak-valley electricity price scheduling, enhancing both sustainability and economic benefits.

In the field of smart energy, the Group has worked intensively in the field of central heating intelligence and is committed to energy saving and efficiency enhancement, with its business extensively covering hundreds of urban heating networks, and has successfully established a comprehensive industrial chain covering the entire process from energy production, transmission and distribution to consumption. As a pioneer in the heating automation industry with deep insight into heating production, transmission and distribution systems, the Group has fully integrated intelligent and information technology to embed cutting-edge heating concepts and advanced control logic into each heating segment. In the field of heating energy-saving, the Group has built up a profound energy-saving service system for the whole industry chain, and accumulated comprehensive advantages in various aspects of energy conservation, such as core technology, hardware equipment and software products, continuously leading the industry towards a new journey of high-efficiency and intelligent development.

Risk Management

Climate risks have been incorporated into our overall corporate risk management framework, forming a closed-loop management system covering risk identification, risk assessment, risk response, monitoring/reporting, and audit and improvement. In response to climate change, we put emphasis on capturing development opportunities, identified and assessed Physical Risks and Transition Risks to drive the sustainable development of the Group. We combined our “Internet + Energy” model with cloud platform to integrate urban resources in an all-round way and promoted the smart, green and healthy development of cities to provide people with a safe, comfortable, energy-saving and sustainable smart environment. At the same time, we improved the relevant risk management and target-setting system to promote high-quality and green development.

Indicators and Targets

The Group has identified and monitored the indicators related to coping with climate changes, and has conducted annual statistics and disclosure of relevant data, including:

- energy (gasoline and power) consumption;
- greenhouse gas emissions (including Scope 1 and Scope 2).

The Group emits direct greenhouse gases (Scope 1) during the use of official vehicles, while indirect greenhouse gas (Scope 2) indirect comes from production and power consumption in offices. Since indirect greenhouse gases account for a large proportion of the Group’s total greenhouse gases, the Group indirectly reduced greenhouse gas emissions through advocating electricity saving.

Greenhouse gas ¹	2025	2024	2023
Direct greenhouse gas (ton carbon dioxide equivalence)	35.89	38.12	61.07
Indirect greenhouse gas (ton carbon dioxide equivalence)	1,743.18	1,922.34	2,549.45
Total greenhouse gases (ton carbon dioxide equivalence)	1,779.07	1,960.46	2,610.52
Greenhouse gas emission intensity (ton carbon dioxide equivalence/RMB10,000 revenue)	0.012	0.011	0.014

We will continue to focus on the impact of climate change on the Group’s business, fully respond to policy requirements, further improve strategy formulation, risk management, identification and management of indicators and targets, and work together with all sectors to cope with climate change and achieve sustainable development together.

¹ Greenhouse gas emissions are calculated as follows:

Direct greenhouse gases emissions: the Company’s energy consumption multiplied by the corresponding emission factors, with the emission factors referring to ① China Energy Statistical Yearbook (《中國能源統計年鑒》) and ② IPCC2006 (《IPCC2006》);

Indirect greenhouse gas emissions: the Group’s purchased electricity and heat consumption multiplied by the corresponding emission factors, with the emission factors referring to “Notice on Reporting and Verification of Greenhouse Gas Emissions for Certain Key Industries from 2023-2025” (《關於做好2023—2025年部分重點行業企業溫室氣體排放報告與核査工作的通知》) issued by the Ministry of Ecology and Environment;

Total greenhouse gas emissions: sum of direct and indirect greenhouse gas emissions.

§2 LEADING INDUSTRY INNOVATION

§2.1 Innovation on Research and Development

Innovation is a core element of the Group’s continuous advancement in the industry. Focusing on the frontier of energy conservation technologies and with our core competence of technological innovation and our knowledge and innovation-oriented approach, we perform the corporate responsibility of “saving energy for the country and saving resources for the people”. This concept is not only highly aligned with the industry development trend of “Internet + Energy Saving”, but also has ignited a strong impetus to promote the technology innovation and R&D in the industry, thereby making contribution to the smart, green and healthy development of cities. The Group keeps maintaining the momentum of innovation with in-depth insights into domestic and international market demand, technology development trends in the industry and cross-industry application scenarios, and maintains close communication and cooperation with relevant government departments, tertiary institutions and industry research institutes to grasp the national technological development trends and lead the industry development.

The Group has established R&D regulations, including the Regulations on R&D Management (《科研管理規定》) and the Measures for Disciplinary Actions in R&D Work (《科研工作懲處辦法》), to standardise and strengthen the management of corporate R&D activities. Upholding the principle of “Service and Technology Innovation” and guided by the development orientation of “Innovation, Synergy and Integration”, the Group puts its focus on two major R&D fields: intelligence and energy efficiency. The chief engineer office serves as the functional department responsible for R&D management at Technovator. The Group formulates five-year R&D plans, which serve as the core framework for preparation of R&D programmes and conducting R&D activities. The Group integrates R&D risk management into its overall risk management system and enhances process control over the identification, analysis, response, and monitoring of R&D risks to ensure effective control based on the established risk management plans.

During the year, the Group achieved significant R&D results in multiple aspects:

- Our self-developed Neosys IoT controller has officially obtained BTL (BACnet Testing Laboratories) certification, an authoritative credential in the international building automation field. By deploying high-performance IoT control technology through a “cloud + edge” architecture, the Neosys IoT controller, as an IoT-based edge computing controller, delivers expert algorithms to unlock data value and reduces energy consumption. It is applied across various sectors such as urban heating networks, rail transit, utility tunnels and smart cities, deepening data integration to empower industrial applications.



BTL (BACnet Testing Laboratories) Certification

- We completed the development of 12 product deliverables, including Neovision Embedded Configuration 2.0, the Techcon NS-8DI module, the Techcon EMC-3000 gateway, and the TC-ACC-10 socket-based smart air conditioning controller.
- We completed R&D work for our OEM cooperation with Hollysys. The relevant products have successfully passed FCC certification, CE certification, and Shentong testing.

The Group attaches great importance to cultivating talents in scientific and technological innovation and has brought together a number of experts from Tsinghua University. In order to further encourage employees to be engaged in innovation and R&D, the Group allows and encourages all frontline staff members to submit R&D project proposals to a panel of technical, market and finance experts organised by the Technology Research Institute for assessment, and after approval, they will receive R&D fund to conduct the R&D activities. In addition, the Group encouraged its staff members to write academic papers for publication, and rewarded, commended and promoted R&D teams that noticeably promoted business innovation of the Group. In 2025, the Group has a total of 167 R&D personnel and invested an aggregate of approximately RMB52.00 million in R&D activities.

§2.2 Protection of Intellectual Property

Protection of intellectual property is indispensable for innovative R&D, and effective management of intellectual property is beneficial to protecting technological and innovative achievements and strengthening the competitiveness of enterprises. The Group fully respects the intellectual property of others, while firmly committed to protecting our own intellectual property rights from being infringed. The Group strictly complies with the Patent Law of the People's Republic of China (《中華人民共和國專利法》), the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) and other laws and regulations, and based on relevant provisions, formulated internal management systems such as the Administrative Measures for Intellectual Property Rights (《知識產權管理辦法》) to assist all business units in actively commercialising their scientific and technological achievements. The Group encourages scientific and technological innovations by clearly setting out the target number of invention patents to be granted and providing bonuses and awards to inventors, and has engaged specialists to assist in patent applications. As the responsible management department of intellectual property, the Technology Research Institute of the Group centrally coordinates all intellectual property applications of each business unit, and the Group has set up an intellectual property specialist position to carry out the management work as required.

In 2025, the Group obtained 3 patents during the year, totalling 46 patents as of the end of 2025, and obtained 11 software copyrights during the year, totalling 137 software copyrights as of the end of the year.

§2.3 Leading Industry Development

As an important promoter of domestic energy-saving service industry and a leading enterprise in science and technology service industry, the Group actively cooperates with scientific research institutions and invests in the R&D of national scientific research projects. The Group also participates in industrial communication and research established by various organisations to promote the construction of an industrial standard system, making a commitment to drive industry development and progress.

As a leading enterprise in science and technology service industry, Technovator has achieved high quality, intelligence and diversification with its outstanding innovation and digital intelligence capabilities, strong market competitiveness and customer service satisfaction. Technovator has achieved numerous industry accolades as the industry benchmark for another year. Some of the awards and honours obtained by the Group in 2025 were as follows.

Awarded unit	Awards and honours
Tongfang Technovator Int (Beijing) Co., Ltd.	2024 Most Influential Brand Enterprises in the Smart Building Industry 2025 Smart Building Elite Project – the First Phase of Xi’an Metro Line 10 2025 Top 10 Brand Enterprises with Products of Craftsmanship in the Smart Building Industry of China – Top Ten Outstanding Brands for Smart Building and Complex Management and Control Platforms 2025 Top 10 Brand Enterprises with Products of Craftsmanship in the Smart Building Industry of China – Top Ten Outstanding Brands for Building Equipment Management System 2024 Top 80 Engineering Enterprises in the Smart Building Industry
Tongfang Energy Saving Engineering Technology Co., Ltd.	2025 Beijing’s Top 100 Enterprises in Digital Economy 2025 Top 100 Beijing Municipal’s SRDI Enterprises Certificate of Honour – Science and Technology Progress Award for Energy Saving and Emission Reduction (Energy Conservation Service Industry) from the Energy Conservation Service Industry Committee of China Energy Conservation Association Typical Case of Brand Achievements in the Energy Industry – “solar energy and geothermal heat” Zero-Carbon Energy Supply System Demonstration Project 2024 Outstanding Member Unit – ESCO Committee of China Energy Conservation Association

§3 ENVIRONMENT PROTECTION

Environment protection and energy conservation is an obligatory social responsibility and also the foundation for enterprises to achieve green development and operation. The Group's production and operation involve the production and manufacturing of smart controllers and intelligent heating system related products. As an unconventional high energy consuming company, despite the fact that environmental issues have not been identified as important to the Group in the materiality assessment, the Group values the importance of environmental protection in its daily operations and development, with energy conservation, emission reduction and recycling of resources as its environmental objectives during the course of its business operation.

The Group is always strictly in compliance with relevant laws and regulations such as the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢棄物污染環境防治法》) and the Law of the People's Republic of China on Conserving Energy (《中華人民共和國節約能源法》). The Group formulated environmental management systems for processing and manufacturing business (such as PCB) in its production and operation, which includes the Rules Governing Identification of Environmental Factors and Determination of Important Factors (《環境因素識別·重要因素確定管理制度》), the Rules Governing Environmental Targets, Indicators and Programs (《環境目標·指標和方案管理制度》), the Rules Governing Environmental Monitoring and Conformance Evaluation (《環境監測與合規性評價管理制度》), and the Rules Governing Non-compliance and Rectification Measures on Environment (《環境不符合·糾正措施管理制度》), enabling the Group to dynamically assess the impact of its business on the environment and resources and continue to strengthen its environmental management and control and improve its environmental management system. The Group has obtained the ISO 14001 Environmental Management System Certification and will continue to improve the environmental compliance risk management in its operation, formulate measures to promote environmental-friendly and sustainable development and establish a good corporate social image.

In 2025, there were no breaches of relevant environmental laws and regulations that had a material impact on the Group.

§3.1 Emission Management

The enterprises under the Group follow a policy of source control, end-of-pipe treatment and technological innovation, and actively pursue technological improvements in all aspects to reduce emissions and waste generation. With an environmental objective of reducing pollutants emission in the course of business operation, the Group actively promoted green environmental protection development philosophy, and continuously enhanced the emission management, so as to reduce the generation of emission from source.

The Group does not involve the emission of industrial waste gas in its production and operation. Small amounts of waste gas are emitted during the use of official vehicles, while waste water is mainly generated from production and office operations. The Group reduced indirect waste gas emissions through standardising the use of official vehicles. The waste water emitted by the Group does not contain special pollutants, and will be discharged to the sewage treatment plant for treatment and purification through the municipal pipe network in the place where it operates.

Type of exhaust gas	2025	2024	2023
Sulphur dioxide (kg)	0.24	0.26	0.41
Nitrogen oxides (kg)	5.28	6.59	5.92
Particulate matter (kg)	0.39	0.48	0.44

The Group attaches particular importance to waste management. In the process of product development and production, we identify hazardous waste from the source, and endeavour to reduce the impact of wastes on the environment as much as possible. Hazardous wastes discharged by the Group include tin dross generated during production and operation, used toner and ink cartridges from office activities. Non-hazardous wastes are mainly metal packages, wires and waste cardboard boxes generated during production, and used papers from office activities. With an environmental objective of reducing pollutants emission (including waste) in the course of business operation, the Group actively promoted green environmental protection development philosophy, and actively recycled the recyclable non-hazardous waste so as to reduce its impact on environment.

Some of the Group's offices cooperate with printing equipment providers in the place where they operate and the printing equipment providers are responsible for collecting and re-filling the used ink cartridges so as to recycle them, which can reduce waste. Hazardous wastes are disposed of by qualified third party, while non-hazardous wastes are recycled by the Group and classified and collectively disposed of by the environmental hygiene department. Metal packages, wires and waste cardboard boxes that can be re-used are recycled and used by the Group in the corresponding process to reduce waste.

Type of waste		2025	2024	2023
Hazardous waste	Tin dross (ton)	0.47	0.48	0.47
	Used toner cartridges ² (kg)	47.2	14.40	16.80
	Used ink cartridges (kg)	1.55	2.30	2.35
Total hazardous waste (kg)		470	496.70	489.15
Discharge density of hazardous waste (kg/RMB10,000 revenue)		0.003	0.003	0.003
Non-hazardous waste	Metal packages (ton)	0.27	0.28	0.27
	Wires (ton)	0.12	0.13	0.14
	Cardboard boxes (ton)	0.6	0.65	0.60
	Papers (ton)	4.84	4.31	71.28
Total non-hazardous waste (ton)		5.83	5.37	72.29
Discharge density of non-hazardous waste (kg/RMB10,000 revenue)		0.039	0.029	0.393

² The increase in used toner cartridges was due to higher printing volume, requirement for more document archiving, and a growth in report printing.

§3.2 Use of Resources

The enterprises under the Group follow a policy of source control, end-of-pipe treatment and technological innovation, and actively pursue technological improvements in all aspects to increase recycling and continuously improve the efficiency of the use of natural resources and minimise the impact of their operations on the environment and natural resources.

The main energy and resources consumed by the Group during its operation include: electric energy, gasoline, water resources, office supplies and packaging materials. Gasoline is mainly used for driving motor vehicles, and electric energy is mainly used for the Group's office and operating facilities. For production and manufacture and office activities, the Group's water resources all came from the municipal pipeline network, without difficulty in water sourcing. In addition, office supplies such as paper are consumed during the Group's office activities.

Types of resources	2025	2024	2023
Power consumption (kWh)	3,285,307	3,370,760	4,178,742
Gasoline consumption (L)	16,367.95	17,385.54	27,851.78
Comprehensive energy consumption ('000 kWh)	3,428.36	3,522.71	4,422.14
Comprehensive energy consumption intensity (1000 kWh/RMB10,000 revenue)	0.02	0.02	0.02
Water consumption (m ³)	59,043⁴	40,502	35,137
Water consumption intensity (m ³ /RMB10,000 revenue)	0.397	0.221	0.191

⁴ The increase in water consumption in 2025 was due to the Group's further improvement in water usage statistics and an expansion of reporting scope in 2025

With an environmental objective of saving energy and recycling of resources (including reducing water consumption) in the course of business operation, the Group actively practices energy and resource saving and promotes the concept of green and energy-saving office by taking the following measures:

- an online office system has been implemented, paper approval has been replaced by an OA approval system, office printing has been reduced, and double-sided printing and the use of used paper are encouraged;
- portable air conditioners have been placed in some offices and meeting rooms to address the needs during weekend overtime in summer, which not only met the air conditioning needs for overtime work and ad-hoc meetings over the weekends, but also avoided turning on the air conditioning on the whole floor and reduced the waste of energy;
- intelligent light control is used on certain floors of the office area. After the working hours, lights in the office area and meeting rooms will be automatically turned off. Sensor lights are used in meeting rooms and such lights will be automatically turned off when there is no one in the meeting room, which will avoid the waste of energy;
- water-saving signs are posted over the sinks to enhance the awareness of water saving;
- the inspection of water appliances in the office area has been strengthened to prevent “spraying, seeping, dripping and leaking” of water (跑、冒、滴、漏);
- the management of official vehicles has been strengthened, under which, among others, each official car has been assigned a dedicated fuel card. Use of official cars is not encouraged unless for handling special external business affairs. Meetings held in multiple places are encouraged to be jointly held via video conference to reduce business trips; and employees are encouraged to use green transportation.

The packaging materials of the Group’s products mainly include cardboard boxes, plastics and fillers. We strictly followed relevant national requirements and recycled certain packaging materials, so as to reduce the use of product packaging materials in the production process and reduce pollutant emissions.

Types of packaging materials	2025	2024	2023
Cardboard boxes (ton)	4.90	5.50	5.00
Plastics (ton)	0.02	0.02	0.02
Fillers (ton)	0.02	0.02	0.02
Total consumption amount of packaging materials (ton)	4.94	5.54	5.04
Consumption of recycled packaging materials (ton)	0.10	0.12	0.11
Consumption density of packaging materials (kg/RMB10,000 revenue)	0.033	0.030	0.027

§4 CARING FOR EMPLOYEES

For an enterprise, employees are the core element of its sustainable development and an important component of its core competitiveness, and the people-oriented development and operation philosophy serves as the important prerequisite for an enterprise's sustainable development. Through well-established employment system, harmonious staff relationship, decent working environment, reasonable incentives and protection of employees' interest, an enterprise may create strong in-house cohesion and work together with its employees for mutual growth.

§4.1 Equal Employment

The Group strictly complies with laws and regulations of the place where it operates such as the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Regulations on Prohibiting Use of Child Labour (《禁止使用童工規定》), the Employment Ordinance (《僱傭條例》) of Hong Kong and the Employment Act (《就業法案》) of the Republic of Singapore. With reference to its own conditions, the Group has formulated and improved its systems and measures, including the Management Measures for Staff Recruitment (《招聘管理制度》), the Welfare Management System (《福利管理制度》), the Enterprise Annuity Management System (《企業年金管理制度》), the Employee Complaint Management System (《員工申訴管理制度》), the Employee Care and Subsidy Management (《員工關懷與補助管理》) and the Internship Student Management System (《實習學生管理制度》), specifying the requirements of the ages and working hours of applicants to avoid child labour and forced labour. The purposes of such systems are to establish a sound incentive mechanism, devise a scientifically reasonable distribution system, protect legal rights of the staff, so as to mobilise the enthusiasm and creativity of them, boost their efficiency and improve business benefits of the Group, accommodating the sustainable development demands of the enterprise.

Recruitment and dismissal

Upholding the principles of fairness, impartiality and openness, the Group recruits law-abiding talents who are suitable for the position by means of internal or community recruitment. The Group conducts exit interview with each staff member before he/she leaves the Company in order to ascertain the reasons for his/her resignation and realise continuous improvement and optimisation. For employees in severe violations of labour discipline or the regulations of the Company, with gross breach of duty or malpractice, causing significant damage to the Company or being held criminally liable, the Group will take action to dismiss them. There was no dismissal of employees by the Group for the above-mentioned behaviours in 2025.

Equal opportunity, diversity and anti-discrimination

The Group adheres to the principles of gender equality and equal pay for equal work, enters into labour contracts with all employees in accordance with the laws, and strictly implements various labour protection policies, to ensure all employees of different ethnicity, race, gender, religion and culture backgrounds enjoy equal employment opportunities and labour protection. In 2025, the Group did not have any material non-compliance issues in respect of the laws and regulations on employment, recruitment and dismissal, promotion, equal opportunity and anti-discrimination.

Remuneration

The Group insists on the principles of making distribution according to performance, responsibility and contribution, and setting position-based remuneration that is subject to adjustment according to position change and the same pay for the same position. In accordance with the regulations of the system of the Group, there will be a reasonable increase in the salary of employees per annum. In 2025, the Group did not commit any irregularities in remuneration packages.

Working hours and leaves

The Group strictly complies with the laws and regulations in relation to employees' working hours and leaves stipulated by the government at each level, reasonably arranges employees' work and rest time. The Group implements a standard working hour system which arranges employees to work five days per week and eight hours per day, and to be entitled to day-offs on weekends and statutory holidays. Employees are entitled to enjoy paid annual leave, paternity leave, marriage leave and funeral leave in accordance with the laws, while female employees can also enjoy a half-day leave in the International Working Women's Day on 8 March, breastfeeding leave and maternity leave. In 2025, the Group did not commit any irregularities on working hours, or day-offs and leaves. The Group strictly complies with relevant laws and regulations of the PRC, and there was no child labour or forced labour nor any violence of relevant laws.

Benefits

The Group complies with the requirements in national and local laws and regulations, and makes contribution in full to basic pension insurance, basic medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund when due each month for all employees. In 2025, the social insurance coverage rate of the Group's employees was 100%.

While providing competitive compensations, the Group also offers benefits such as meal allowance, heating allowance, labour insurance and high temperature subsidy, weddings and maternity gifts and reimbursement of medical expenses for employees' children, and employees who meet certain requirements can participate in the corporate annuity plan. In addition, we also provide employees with group business accident insurance and supplemental medical insurance, organise birthday parties and retirement parties, set up a wishing wall, provide all kinds of holiday benefits including those for Women's Day, Mid-Autumn Festival and Spring Festival, and other fringe benefits such as labour insurance, high temperature subsidy, reimbursement of medical expenses for employees' children, group business accident insurance and supplemental medical insurance.



Employee Care

With “people centrist” firmly in mind, the Group cares for every staff member. We have created an employee letter box for better understanding of the needs of employees, provide institutional protection, and practical and meaningful financial help for the employees who have difficulties in livelihood, or suffered from sickness. In addition to helping the staff to solve substantive issues, the Group also organised love and care activities to console employees in need, such as giving away medical consultation cards to the employees struggled with family hardship and poor health, so as to establish a corporate culture of mutual support and care, boost the corporate cohesion and enhance employees’ sense of well-being.

During the reporting period, the Group has an average annual workforce of 669. As of the end of 2025, the total workforce was 649, with an employee turnover rate of 14.6%. Set out below is the staff by type and their turnover:

Age	As of 31 December 2025			As of 31 December 2024	
	Number of employees	Proportion of total employees	Turnover rate in 2025	Proportion of total employees	Turnover rate in 2024
Under 30 years old (30 years old exclusive)	63	9.7%	17.5%	12.1%	16.0%
30-50 years old (50 years old exclusive)	512	78.9%	13.3%	76.4%	6.1%
50 years old and above	74	11.4%	21.6%	11.5%	16.9%

Gender	As of 31 December 2025			As of 31 December 2024	
	Number of employees	Proportion of total employees	Turnover rate in 2025	Proportion of total employees	Turnover rate in 2024
Male	440	65.8%	16.1%	65.8%	9.8%
Female	229	34.2%	12.0%	34.2%	6.1%

Region	As of 31 December 2025			As of 31 December 2024	
	Number of employees	Proportion of total employees	Turnover rate in 2025	Proportion of total employees	Turnover rate in 2024
Mainland	642	98.9%	14.8%	99.0%	8.6%
Hong Kong, Macao and Taiwan	1	0.2%	0.0%	0.1%	0
Overseas	6	0.9%	0.0%	0.9%	0

Level	As of 31 December 2025		As of 31 December 2024	
	Number of employees	Proportion of total employees	Number of employees	Proportion of total employees
Senior management	16	2.5%	15	2.2%
Middle-level management	96	14.8%	99	14.8%
General staff	537	82.7%	555	83.0%

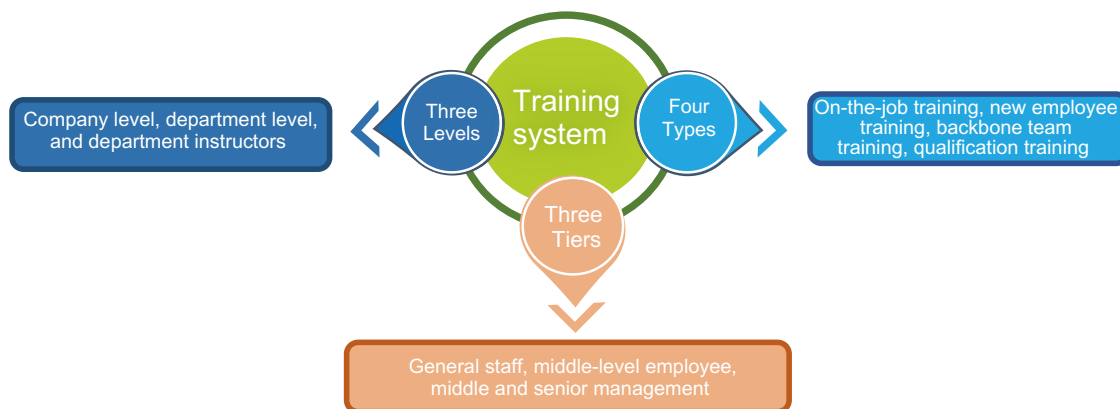
Note: The “senior management” in this report refers to employees at the general manager level of the Group and Mr. Zhao Xiaobo, a Director of the Group.

§4.2 Staff Development and Training

Talents are the core competitiveness for enterprises. Adhering to the principle of mutual development for the enterprise and employees, the Group made efforts to provide broad career platform and room for development for its employees by setting up training systems for talent development and ensuring a smooth career ladder for their promotion.

The Group established the Performance Appraisal Management System (《績效考核管理制度》), which takes the business performance as the core, comprehensively considers employees’ potential capability and developmental needs, and specifies the promotion process for employees to ensure that all employees enjoy fair and smooth promotion opportunities and career paths. The Group classified its job positions into five categories, namely management, management services, technical, marketing and operation based on the requirements of its business development, and subdivided its functional departments and development systems based on employees’ work experience, knowledge and skills.

The Group formulated and implemented the Training Management System (《培訓管理制度》) and developed a training system featuring “Three Levels”, “Four Types” and “Three Tiers”. Trainings purposely cover aspects of corporate management, leadership, qualification certification, skills training and corporate culture, so as to improve the knowledge and skill level of employees, highlight key talents cultivation and provide a sound basis for the improvement of the Group’s operation. Furthermore, the Training Management System also provides training mechanism and training information feedback in a bid to improve the training efficiency and refine employees’ training work.



Talent Training System of the Group

Based on the Training Management System, the Group takes the development goal and employees' actual needs as the starting point while the Human Resources Department designs targeted training development plan for different ranks and types of employees according to the annual strategy, operation plan and coordinated resources of the Group.

- For new employees, the Group conducts a group induction training once a month, while mentors are assigned to offer one-to-one induction training for new employees, and the training coverage rate of new employees is 100%.
- For the whole staff, a “micro classroom” live broadcast in the “Ding Talk” office group is held once a month in order to improve their professional quality. Meanwhile, the Group offers further education, qualification and regular trainings, and specialised trainings to its staff.
- For senior leaders and key talents reserve, the Group cooperates with a number of external training institutions to provide employees with external training courses based on their positions. During the year, the Group arranged relevant staff members to attend training sessions held by the Commission of Housing and Urban-Rural Development.
- For newly-promoted managers and key talent reserve, the Group will hold basic management training courses to support the talent echelon construction of the Group. The Group effectively urges employees to complete their self-learning courses, and adopts multiple measures to empower individual promotion.

In terms of professional qualification and occupational title, the Group organises and provides training to its employees on a regular basis, and encourages them to take qualification examinations to obtain qualification certificates. In 2025, total employee training hours of the Group were 15,763 hours.

The percentage of the employees trained and training hours per capita by gender are as follows:

Gender	2025		2024	
	Percentage of the employees trained	Training hours per capita (hour)	Percentage of the employees trained	Training hours per capita (hour)
Male	93.5%	22.02	98.8%	22.85
Female	93.6%	26.30	97.1%	18.22

The percentage of the employees trained and training hours per capita by the level of employee are as follows:

Level	2025		2024	
	Percentage of the employees trained	Training hours per capita (hour)	Percentage of the employees trained	Training hours per capita (hour)
Senior management	75.0%	25.63	80.0%	20.73
Middle-level management	88.5%	28.56	92.0%	46.83
General staff	95.0%	26.25	97.6%	17.09

§4.3 Occupational Health and Safety

Safety production and employee’s health are strong guarantee for stable operation of an enterprise. The Group pays high attention to employee’s health and safety, implements safety production and occupational disease prevention, and is committed to providing a healthy and safe production environment and work place for its employees. It strictly abides by relevant laws and regulations, such as the Safety Production Law of the People’s Republic of China (《中華人民共和國安全生產法》) and the Occupational Disease Prevention Law of the People’s Republic of China (《中華人民共和國職業病防治法》), implements the safety management policy of safety-led, prevention-oriented and comprehensive management, and carries out the responsibility system for production safety. The Group formulated, among others, the Administrative Measures for Safe Production Work (《安全生產工作管理辦法》), the Inspection System for Safe Production (《安全生產檢查制度》), the Post Safety Operation Rules (《崗位安全操作規程》), the Provision and Management System for Labour Protection Equipment (《勞動防護用品配備和管理制度》), the Management System for Dangerous Work (《危險作業管理制度》), and the Reward and Punishment System for Safe Work (《安全生產獎勵和處罰制度》) to ensure the standards of operation, equipment and management in the production process. It has continuously improved occupational health and safety performance by taking effective management measures to prevent loss from accidents.

During the reporting period, Technovator Beijing passed the recertification audit for ISO 14001 Environmental Management System, ISO 450001 Occupational Health and Safety Management System, ISO 9001 Quality Management System and IECQ QC080000 Quality Management System.



ISO 14001 certification

ISO 450001 certification

ISO 9001 certification

IECQ QC080000 certification

Implement responsibility and strict management

As the centralised management department for safe production of the Group, the manufacturing department has signed responsibility letters for fire control and safe production management with each rank of staff in the manufacturing bases, the persons-in-charge of the bases and the responsible persons of the departments, then the departments and the teams, and finally the teams and individual team members, to establish the principle that safety management must attached to production management and the responsible person should be held accountable.

Safety officers should be appointed for the manufacturing bases, and those officers are responsible for the arrangement, deployment, supervision and summarisation of safe production work in the office area. A base safety officer is the responsible person for the safe production of a manufacturing base, and such safety officer is responsible for the safe production of such manufacturing base, while the base senior leader is the first responsible person for safe production. The manager of each department is the responsible person for the work safety of his/her department, and the designated personnel is directly responsible for safe production.

Strengthen safety publicity and education to improve the safety awareness of employees

Employees' safety awareness and their ability and sense of identifying potential source of danger are directly related to production safety. As such, we must do a good job of publicity and education and standardise the safe production operations of employees to achieve safe production, and let employees understand that "I am required to be safe, thus I want to be safe, and I will be safe" (要我安全到我要安全·我會安全), and truly realise "do not hurt others, do not hurt myself, not be hurt by others" (不傷害他人·不傷害自己·不被他人傷害) to transform the safety behaviours from passive acceptance to conscious and active actions and lay a solid foundation for production safety. We actively provide safety education and training to our employees, including the three-level safety orientation education, and employees in special positions are required to hold necessary certificates. The Group implements a regular safety meeting system, organises safety week and safety month activities, and rolls out safety publicity activities.

Strengthen safety inspection and safety rectification

To eliminate safety hazards, make safety precautions, provide safe and reliable working environment for employees and enhance their sense of security, the Group makes hard efforts in the renovation and rectification of safety facilities and increases safety rectification and rectification efforts. The Group carries out the maintenance of its production equipment and facilities as required. Special equipment is registered and filed in accordance with national requirements, and tested on a regular basis. Fire-fighting equipment is also installed and tested on a regular basis. Emergence exits are provided in workshops and dedicated personnel are assigned to manage hazardous chemicals. The Group has established a safety checklist for safe production and performs regular safety inspection, holiday inspection, seasonal inspection, electrical equipment safety inspection and temporary random inspection. If any problem is found, a notice of inspection and rectification will be issued in time. If the problem cannot be corrected, preventive measures shall be formulated and incorporated into the rectification plan, and measures will be formulated and implemented step by step, which ensures the normal operation of the Company's safe production. The Group strictly implements internal policies such as the Management System for Safe Use of Electricity (《安全用電管理制度》), the Protection Measures for Electricity Leakage of Equipment and Circuit (《設備·電路中的漏電保護措施》), the Special Equipment and Operator Management System (《特種設備及操作人員管理制度》), and the Management System for Hazard Identification, Risk Assessment and Measure Implementation (《危險源辨識·風險評價·確定措施管理制度》). It conducted dynamic management and investigation for hazard in an orderly manner, formed a safe production model featuring target-monitoring-evaluation-improvement, and carried out detailed and process-based safety management for all aspects of production and operation.

Safe production emergency management

Safety prevention and emergency work are the fundamental guarantees for achieving safe production. The Group has formulated the Fire-fighting Facilities Management System (《消防設施管理制度》) on the basis of strict compliance to the Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》). In addition, the Group organises employees to carry out fire emergency drills on a regular basis, and carries out effective safety supervision on daily production and operation as well as major holiday fire inspections. For the emergency preparation, the Group formulated, among others, the QES Emergency Preparedness and Corresponding System (《QES應急準備和相應制度》), the Emergency Rescue Plan for Production Safety Accident (《生產安全事故應急救援預案》), the Emergency Preparedness and Response Plan for Mechanical Injury (《機械傷害應急準備與響應預案》), the Emergency Preparedness and Response Plan for Injury Accidents (《傷害事故應急準備與響應預案》) to standardise the emergency response measures, improve employees' emergency response and rescue capabilities, and ensure life and property safety.

Case Study: Strengthening Emergency Response and Cultivating a Safety Culture

To translate our safety culture into tangible action and strengthen the emergency response preparedness of all employees, Technovator Beijing held a specialized training on emergency rescue and a tabletop exercise on fire emergency response in the office area. For the events, the experts from the Energy Safety and Quality Department were invited to give lectures, focusing on key areas such as high-rise building evacuation and office area fire safety. Hands-on trainings, including wearing respirators and bandaging, were also provided. Following the training, a tabletop exercise simulating a real fire was conducted to solidify the standardized emergency response protocols and clarify the responsibilities and coordination mechanisms of each position. This event innovated a chain model of “theoretical empowerment + practical reinforcement + real-world testing”, transcending traditional training constraints and transforming the safety culture from conceptual indoctrination to behavioral habituation. It not only improved the team’s emergency response capability but also created a practical model for the Company’s safety management system and safety culture development.



Occupational health protection

In the aspect of occupational hazards prevention and control, the Group formulated a series of systems, including the Management System for Objectives and Solutions of Occupational Health and Safety (《職業健康安全目標和方案管理制度》) and the Management System for Occupational Health and Safety Performance Monitoring and Compliance Evaluation (《職業健康安全績效監測與合規性評價管理制度》) in accordance with the requirements of governance. The Group clearly defines the responsibilities for occupational disease prevention and control of various departments and positions to implement occupational disease prevention and management in order to facilitate the goal of creating a safe, healthy and pleasant working environment for employees. The Group formulated and issued the Provision and Management System for Labour Protection Equipment (《勞動防護用品配備和管理制度》) and Administrative Measures for Work-Related Injuries and Accidents (《工傷事故管理辦法》) to regulate the types and replacement cycles of labour protection equipment for all positions and specify the work-related accident response process and support arrangements. The occupational hazards faced by our staff are mainly dust, waste gas and steam in the production department. We implement 5S management to ensure the control of production lighting, dust and noise to reduce occupational hazards. The Group regularly provides employees with gloves, masks and other protective equipment, and installs fire-fighting appliances with inspection on a regular basis and electrostatic dischargers and other labour protection equipment, posts safety warning signs and sets up safety barriers to safeguard their safety and health. At the same time, the Group has developed various emergency plans for hazards such as fire, mechanical injury and electric shock. In addition, the Group provides its employees with free health check-ups annually and monitors their health condition on a regular basis.

In 2025, there was no instance of material non-compliance in providing safe working environment and protecting employees from occupational hazards. No fatal or serious production accident occurred and the hours of work injury loss was zero, and there were no fatal accidents occurred concerning safe production responsibilities in both 2023 and 2024.

§5 PRODUCT RESPONSIBILITY**§5.1 Supply Chain Management**

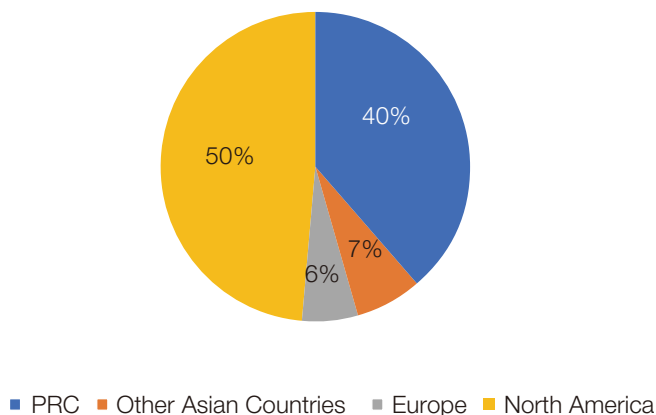
The sincere cooperation of our suppliers has been an important guarantee for our on-going operation. The Group upholds an open, fair and impartial principal and attaches importance to the communication with our suppliers in a bid to establish a long-term and win-win relationship with them, jointly undertake product responsibility and strengthen quality assurance.

The Group has formulated the Supplier Management and Control Procedure (《供貨商管理控制程序》). It specifies the duties and responsibilities of procurement related departments such as purchasing department, quality management department, and storage and distribution department, and provides the basic requirements and workflow for the selection, assessment and management of suppliers. The Group has also instituted the List of Suppliers Information and Evaluation (《供應商資料及評價表》). From the aspects of enterprise qualification, performance capability, product quality and after-sales service, we will carry out supplier evaluation. Based on the evaluation results, supplier admission and exit will be implemented in accordance with the regulations so as to control the quality of the source. If necessary, site inspection will be conducted on the manufacturers who are admitted to the suppliers list of the Group for the first time in order to exercise stringent risks control. All suppliers are evaluated and reviewed by the Group in accordance with this evaluation method.

The Group has passed ISO 14001:2015 Environmental Management System certification and strictly abides by QC080000 electronic and electrical originals and products hazardous substances process management system. Most of the Group's products are exported to Europe and need to comply with RoHS (Restriction of Hazardous Substances) standards, REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) standards and WEEE (Waste Electrical and Electronic Equipment) Directive. Therefore, the Group strengthens the evaluation and management on the suppliers of RoHS and REACH raw materials and auxiliary materials, and specifies that raw material suppliers should be authorised agents, and the materials supplied should be produced and packaged by the original manufacturers so that they can be traced back to their origins. The suppliers with good and high reputation, and complete set of certificates for the quality management and environmental management system will be given priority in selection process to reduce environmental and social risks in the supply chain and strengthen quality assurance. In order to effectively ensure that suppliers' products meet the requirements of HSF (Hazardous substances free) and that the product quality, price, lead time, and the degree of coordination on hazardous substances reduction meet the requirements of the Group's hazardous substances process management system, the Group has formulated the Procedures for Control on Product Procurement Process (《產品採購過程控制程序》) to standardise the procurement process, reduce operational risks, and achieve standardised management of global multichannel supply in terms of suppliers of raw materials and ancillary materials, outsourcing manufacturers, as well as logistics, trade and other service providers. For finished product suppliers, the Group prioritises suppliers that have passed the Environmental Management System (ISO 14001) and Occupational Health and Safety Management System (ISO 45001 : 2018) certification.

During the reporting period, the Group had 103 suppliers, and the distribution of suppliers is as follows:

Geographical Distribution of the Group's Suppliers in 2025



§5.2 Product Quality

The Group always adheres to the idea of “Quality Comes First”, and strictly complies with the Product Quality Law of the People’s Republic of China (《中華人民共和國產品質量法》). It has formulated the Quality Management Stipulations (《質量管理規定》), established the quality management system and the electrical appliance harmful substances management system based on the Group’s actual situations in accordance with ISO 9001:2005 Quality Management System (《質量管理體系》), QC080000 (IECQ-HSPM) Process Management System for Electronic and Electrical Originals and Products Hazardous Substances (《電子與電器原件和產品有害物質過程管理體系》), and passed third-party system certifications. At the same time, the Group instituted an effective quality management structure according to the requirements of quality management system by setting up a centralised department at the management layer and a quality control position at the project implementation layer to fully implement product quality assurance work. With the extensive application of AI, the Group paid more attention to data quality in product quality management in recent years and established the standards on meta data collection and data quality for the relevant industries.

In view of the need for our products to meet not only the requirements of highly reliable management of public facilities, but also the specificities of the environment in which the equipment operates, the Group strictly implements quality control measures, including the formulation of the Management System for Consistency of Certified Products (《認證產品一致性管理制度》), the QES Rectification Measures Management System (《QES糾正措施管理制度》), the Management System for Unqualified Products Output (《產品不合格輸出管理制度》) and Management System for Unqualified Projects Output (《工程不合格輸出管理制度》), so as to ensure products’ specific electromagnetic environment and application scenarios. We clarified product and engineering eligibility criteria in the aspects of design, purchase, production process and delivery, standardised treatment of potentially unqualified products and unqualified projects, and deployed a cross-departmental R&D management environment to better connect market demand with R&D tasks, ensuring the satisfaction of customer needs. At the same time, we follow the cycle of Plan (P), Do (D), Check (C) and Action (A) for quality management to carry out product work in an orderly, effective and continuous manner.

Based on the CMMI model, we can effectively address more complicated software problems and the R&D process is fully traceable, achieving further benefit from parallel progress of software engineering, coordination of multi-disciplines and process improvement, demonstrating that the Group has become a world-class market players in terms of its software development, quality management and process improvement levels. Product testing is decoupled from product development and parallel test planning commences as early as the beginning of product design stage. The tests can further be divided into two independent processes of testing and verification according to needs. As for key products and major projects, R&D personnel will be dispatched to provide on-site support and collect first-hand information in a timely manner so as to solve the problems swiftly. For the confidential system of the product, through the Group’s participation in confidential projects, we have accumulated experience in the development of confidential systems and the selection of confidential application components. In order to meet the needs of more application scenarios, we plan to strengthen our R&D efforts in both security detection and real-time response of our products in the future, including: meeting the security protection needs of national critical infrastructure and meeting the needs of unmanned rail vehicles.

Benefited from the comprehensive product quality management process, the Group had no product recall for safety and health reasons and no material non-compliance incidents on health and safety matters relating to the products and services provided during 2025.

We strictly comply with national laws and regulations such as the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), the Measures on the Administration of Internet Advertising (《互聯網廣告管理方法》), and the Anti-unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), as well as the standard practice documents such as the CNNC Group Brand Visual Identity System (2025 Edition) (《中核集團品牌視覺形象識別系統(2025版)》), the Compliance Guidelines for Preventing Infringement of Fonts, Images, and Software Copyrights of Tsinghua Tongfang Co., Ltd. (《同方股份有限公司字體·圖片·軟件著作權侵權防範合規指引》), and the News and Publicity Management Measures of Tongfang Energy Co., Ltd. (《同方能源有限責任公司新聞宣傳工作管理辦法》), to ensure accurate words and expressions are used. We are responsible for the veracity of the contents of the advertisements. All promotional material and source material are downloaded from authorised design platforms for production without infringing others' intellectual property rights, so as to ensure the legitimacy and compliance of advertisement placement. In 2025, the Group did not experience any non-compliance incidents that had material impact on us in the placement of promotional advertisements. There was no violation of relevant laws and regulations relating to advertisements and trademarks that have material impact on the Group.

§5.3 Customer Service

Customers are the foundation for the survival and development of an enterprise. The customers of the Group are mainly enterprises. Therefore, the Group insists on customer-oriented approach, takes effective feedbacks from customers as driving force of our continual progress and development and adheres to improving customer satisfaction in order to establish long-term and amiable relationships with customers. The Group has formulated the Customer Service Management System (《客服管理制度》) and provided the product after-sales service hotline and mailbox to our customers. In integrated management department, customer service officer is on duty to answer enquiries from customers. Upon the receipt of customers' complaint, the integrated management department will coordinate and liaise with the manufacturing department on a timely basis, follow up the handling progress, and send a quality feedback form to the customer for his/her feedback after the completion of the handling progress in order to make sure that every complaint is handled properly. If our products are found to have quality problems, customers can fill in the quality feedback form and send it to our customer service officers by email. After communication between the technical personnel and the customer, if returning the product to the factory for maintenance is deemed necessary, the customer will be informed by a customer service officer to deliver the defective product (including the list of defective product) to the designated service centre of the Group for maintenance service.

In 2025, the Group received two complaints. The Group actively cooperated with the customer and the finished product supplier to handle the complaint, and timely assisted the finished product supplier to improve its work process according to customers' comments. The Group resolved all customer complaints and customer satisfaction surveys with a satisfaction rate of 100%. Due to the nature of our business, the Group does not directly provide products and services to individual customers, so it does not involve customer personal data or privacy protection.

§6 ANTI-CORRUPTION

An honest and upright working environment is an essential guarantee for an enterprise to achieve a long-term development. The Group is devoted to fighting against any kind of corruptions. It strictly abides by the national laws and regulations, including the Supervision Law of the People's Republic of China (《中華人民共和國監察法》), the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》), the Rules on Supervision and Enforcement for Discipline Inspection Authority (《紀律檢查機關監督執工作規則》), and the Rules on Supervision and Enforcement for Regulation Authorities (《監察機關監督執法工作規定》). The Group always maintains a "zero tolerance" attitude towards acts of corruption. With the mind set of being responsible to customers, honest to the Company, non-corrupt, accountable, pragmatic and down to earth, the Group has continuously strengthened its organisational structure and team building, and improved its internal management system and supervision mechanism. In the Group's management system compilation and staff handbook, we have clearly required all staff to act with fairness and integrity. The Group also signed an integrity agreement with each employee to enhance employees' vigilance against corruption and further standardise their conduct.

The internal control department of the Group is responsible for anti-corruption and regularly checks the internal control and management documents and systems of the Group. It pays close attention to the update of relevant national laws and regulations, and revises relevant internal control and anti-corruption management systems based on the requirements under laws and regulations. The Group adds the work of anti-corruption to the agenda for all kinds of important meetings of the Group, takes it as an important matter in the training of the Group's internal control and management, and strengthens the anti-corruption promotion and education through the billboard. It requires all employees to act with fairness and honesty so as to create a cultural atmosphere of incorruptibility and integrity. In 2025, the Group introduced online training methods and our accumulated training hours for anti-corruption was 3,864 hours. In terms of anti-corruption, no violation with material impact on the Group occurred, nor were there any cases of corruption or corruption-related litigation. In cooperation with our suppliers, the Group expressly prescribes the anti-corruption clauses through relevant contracts and annexes.

The Group also set up internal reporting channels, including mailbox, telephone hotline and e-mail, and provided anti-corruption channels for partner suppliers. Employees and suppliers can report corruption and bribery anonymously or in real name through these channels which are supervised and managed by the internal control department of the Group. If there is case of improper act reported, the Group will initiate a response process, during which the case will be timely reported to the responsible person of the department or the management of the Group and be strictly and thoroughly investigated. For the privacy protection of whistle-blowers, the Group completely conceals all the information of the whistle-blowers when handling the reported cases, and will not provide the reported evidence to the person being reported or any other content that may disclose the information of the whistle-blowers. During the year, the Group did not receive any report related to corruption and violation of the integrity practice policy.

§7 COMMUNITY PARTICIPATION

As a responsible enterprise citizen, the Group has been actively responding to the national call by honestly fulfilling its social responsibilities and is committed to promoting harmonious and win-win situation in communities. By fully capitalising on its own strengths and advantages, the Group practically cared for people's livelihood needs for air-conditioning and heating by adopting measures such as guaranteed heating supply time.

In order to effectively solve the problems facing by the public in their daily life, Youyi Heating, a subsidiary of the Group, visited residents in their homes to provide targeted assistance. In the process of the assistance, we thoroughly checked the operating conditions of the heating appliances in a resident's flat, focusing on the circulation of the heated household air generated from the heating appliances. After professional equipment inspection and testing, we identified uneven distribution of the geothermal pipes in his flat, along with clogged filters. In order to ensure the family to have a warm winter, we immediately cleaned the filters. Subsequently, we continued to pay close attention to this family and provided necessary help and support to make them truly feel our care and warmth.



The Group always shoulders the fulfilment of social responsibility and prioritises it both in mind and actions. This assistance activity has not only effectively alleviated the pressure on the underprivileged caused by the need for heating services and solved their clear and present difficulties in time, but also practically safeguarded their basic living standards and enhanced their sense of gain and happiness.

IFRS SUSTAINABILITY DISCLOSURE STANDARDS – INDUSTRY-BASED METRICS DISCLOSURE INDEX

Topic	Indicator	Unit	2025
Energy management	Total energy consumption	kWh in'000s	3,428.36
	Percentage of grid electricity	%	95.83%

SEHK ESG REPORTING CODE CONTENT INDEX

Aspect	Contents	Corresponding Sections in the Report
Part B: Mandatory Disclosure Requirements		
	A Statement from the Board	A Statement from the Board
	Reporting Principles	About the Report
	Reporting Boundary	About the Report
Part C: “Comply or explain” Provisions		
A1 Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	3. Environment Protection
	A1.1 The types of emissions and respective emissions data.	3.1 Emission Management
	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.1 Emission Management
	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.1 Emission Management
	A1.5 Description of emission target(s) set and steps taken to achieve them.	3.1 Emission Management
	A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	3.1 Emission Management

Aspect	Contents	Corresponding Sections in the Report
A2 Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	3.2 Use of Resources
	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	3.2 Use of Resources
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	3.2 Use of Resources
	A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	3.2 Use of Resources
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	3.2 Use of Resources
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	3.2 Use of Resources
A3 The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	3. Environment Protection
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3. Environment Protection
B1 Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	4.1 Equal Employment
	B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	4.1 Equal Employment
	B1.2 Employee turnover rate by gender, age group and geographical region.	4.1 Equal Employment
B2 Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.3 Occupational Health and Safety
	B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	4.3 Occupational Health and Safety
	B2.2 Lost days due to work injury.	4.3 Occupational Health and Safety
	B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	4.3 Occupational Health and Safety

Aspect	Contents	Corresponding Sections in the Report
B3 Development and Training	<p>General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</p>	4.2 Staff Development and Training
	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	4.2 Staff Development and Training
	B3.2 The average training hours completed per employee by gender and employee category.	4.2 Staff Development and Training
B4 Labour Standards	<p>General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.</p>	4.1 Equal Employment
	B4.1 Description of measures to review employment practices to avoid child and forced labour.	4.1 Equal Employment
	B4.2 Description of steps taken to eliminate such practices when discovered.	4.1 Equal Employment
B5 Supply Chain Management	<p>General Disclosure Policies on managing environmental and social risks of the supply chain.</p>	5.1 Supply Chain Management
	B5.1 Number of suppliers by geographical region.	5.1 Supply Chain Management
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	5.1 Supply Chain Management
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	5.1 Supply Chain Management
	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	5.1 Supply Chain Management

Aspect	Contents	Corresponding Sections in the Report
B6 Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	5. Product Responsibility
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	5.2 Product Quality
	B6.2 Number of products and service related complaints received and how they are dealt with.	5.3 Customer Service
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	2.2 Protection of Intellectual Property
	B6.4 Description of quality assurance process and recall procedures.	5.2 Product Quality
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Explained
B7 Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	6. Anti-corruption
	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	6. Anti-corruption
	B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	6. Anti-corruption
	B7.3 Description of anti-corruption training provided to directors and staff.	6. Anti-corruption
B8 Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	7. Community Participation
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	7. Community Participation
	B8.2 Resources contributed (e.g. money or time) to the focus area.	7. Community Participation

Aspect	Contents	Corresponding Sections in the Report
Part D: Climate-related Disclosures		
D-I Governance	The governance body(ies) responsible for oversight of climate-related risks and opportunities	1. Coping with Climate Changes
	Management’s role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities	1. Coping with Climate Changes
D-II Strategy	Climate-related risks and opportunities	1. Coping with Climate Changes
	Business model and value chain	1. Coping with Climate Changes
	Strategy and decision-making	Note 1
	Financial position, financial performance and cash flows	Note 2
	Climate resilience	Note 2
D-III Risk Management	The processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks	1. Coping with Climate Changes
	The processes and related policies it uses to identify, assess, prioritise and monitor climate-related opportunities	1. Coping with Climate Changes
	The extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer’s overall risk management process.	1. Coping with Climate Changes

Aspect	Contents	Corresponding Sections in the Report
D-IV Metrics and Targets	Greenhouse gas emissions	1. Coping with Climate Changes
	Climate-related transition risks	1. Coping with Climate Changes Note 3
	Climate-related physical risks	1. Coping with Climate Changes Note 3
	Climate-related opportunities	1. Coping with Climate Changes Note 3
	Capital deployment	Note 4
	Internal carbon prices	Note 4
	Remuneration	Note 4
	Industry-based metrics	IFRS Sustainability Disclosure Standards – Industry-based Metrics Disclosure Index
	Climate-related targets	Note 4

Note 1: The Group has initially identified the potential impacts of climate-related risks and opportunities, and has taken response measures accordingly. However, no transition plan has been formulated yet. The formulation of the transition plan will be carried out in due course when conditions are mature, and will be included in disclosures by then.

Note 2: The Group has conducted a preliminary assessment of the qualitative financial impacts of climate change. Currently, no quantitative financial impact measurement or scenario analysis has been conducted. Such analysis will be carried out in due course when conditions are mature, and will be included in disclosures.

Note 3: The Group has initially identified climate-related physical risks, transition risks and opportunities. However, it has not yet systematically quantified the monetary value and percentage of related assets or business activities.

Note 4: The Group has not carried out capital allocation for climate-related risks and opportunities, internal carbon pricing, the integration of climate-related factors into remuneration policy, and setting of climate-related targets. These initiatives will be carried out in due course when conditions are mature and will be disclosed in the report.

Independent Auditor's Report

Independent auditor's report to the shareholders of Technovator International Limited

(Incorporated in Singapore with limited liability)

OPINION

We have audited the consolidated financial statements of Technovator International Limited ("the Company") and its subsidiaries ("the Group") set out on pages 98 to 158 which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated income statement, the consolidated income statement and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory 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.

KEY AUDIT MATTERS *(Continued)*

Accounting for construction projects

Refer to note 3 to the consolidated financial statements and the accounting policies in note 2(t)(i)(c).

The Key Audit Matter	How the matter was addressed in our audit
<p>The Group's revenue for the year ended 31 December 2025 from construction projects totalled RMB1,299 million, which accounted for 87% of the total revenue for the year. The construction projects of the Group are primarily energy saving projects relating to transportation, building and industrial businesses.</p> <p>Revenue from construction projects is recognised in proportion to the stage of completion of the project, measured by comparing the costs incurred up to the reporting date to the total forecast costs at completion of the project when the control of the goods is regarded as being transferred over time under HKFRS 15, with reference to written documentation from customers indicating their acceptance of the work performed to reporting date on projects.</p> <p>Based on the nature of construction activities, revenue and profit or loss recognised on a project in progress at the reporting date is highly dependent on management's estimation of the total costs required to complete the project and the percentage of work completed at the reporting date.</p>	<p>Our audit procedures to assess accounting for construction projects included the following:</p> <ul style="list-style-type: none"> • obtaining an understanding of the entity and its environment and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to accounting for construction projects; • inspecting contracts on a sample basis to obtain an understanding of the key terms and risks associated with individual projects and the accounting implications thereof; • recalculating management's calculations of the percentage of completion at the reporting date and revenue recognised for each project by comparing the key inputs in the calculations, including total project revenue, costs incurred to date and amounts invoiced to date, with project terms, invoices issued and vendor invoices, on a sample basis; • examining written documentation from customers indicating their acceptance of the work performed to reporting date on projects, with reference to related third party engineers' certification of work completed, if any, on a sample basis;

KEY AUDIT MATTERS *(Continued)*

Accounting for construction projects *(Continued)*

Refer to note 3 to the consolidated financial statements and the accounting policies in note 2(t)(i)(c).

The Key Audit Matter	How the matter was addressed in our audit
<p>We identified accounting for construction projects as a key audit matter because a significant degree of management judgement is required to be exercised, based on the latest progress of each project, particularly in estimating the future costs to complete a project which could be subject to management bias.</p>	<ul style="list-style-type: none"> • challenging management's estimations of the expected future costs required to complete individual projects by comparing costs to be incurred with signed subcontractor projects and by benchmarking with similar estimations for comparable projects, on a sample basis, and assessing if there was any indication of management bias in the estimations; • assessing the reliability of management's projects cost forecasting process and whether there is any indication of management bias by comparing the actual costs for projects completed during the current year to forecasts made at the prior year end and enquiring of management for reasons for any material differences between the estimations and the actual outcome; • identifying possible onerous projects by comparing the latest budgeted costs, taking into consideration the actual costs incurred up to 31 December 2025, with the project revenue for individual projects, on a sample basis, and assessing if any provision for foreseeable losses was required when the budgeted costs exceeded the project revenue; and • assessing the related disclosures in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

KEY AUDIT MATTERS *(Continued)*

Valuation of contract assets and trade receivables

Refer to notes 16 and 17 to the consolidated financial statements and the accounting policies in note 2(j)(i).

The Key Audit Matter	How the matter was addressed in our audit
<p>The Group's contract assets and trade receivables arise from the Group's construction projects. As at 31 December 2025, the aggregate amount of contract assets and trade receivables totalled RMB2,664 million.</p> <p>The Group measures loss allowances on contract assets and trade receivables at amounts equal to lifetime expected credit losses (the "ECL") using a provision matrix which involves significant management judgement in estimating loss rate and adjusting factors that are specific to the debtors and an assessment of both the current and forecast industries in which they operate at the reporting date.</p> <p>At 31 December 2025, the Group recognised loss allowances for contract assets and trade receivables of RMB531 million.</p> <p>We identified the valuation of contract assets and trade receivables as a key audit matter because of the significance of the contract assets and trade receivables balance and because the estimation of ECL is inherently subjective and involves a significant degree of management judgement.</p>	<p>Our audit procedures to assess the valuation of contract assets and trade receivables included the following:</p> <ul style="list-style-type: none"> • obtaining an understanding of the entity and its environment and assessing the design, implementation and operating effectiveness of management's key internal controls relating to credit control and the estimation of the ECL; • obtaining an understanding on the methods, key assumptions and data of the ECL model adopted by management, including the basis of the historical loss rates, historical transition rates and recalculating the historical loss rates and historical transition rates in the ECL model; • assessing the relevance and reliability of the ageing report by comparing the details in the ageing report with relevant underlying documents, including goods delivery notes, completion reports for construction services and payment terms as set out in the contracts with customers, on a sample basis; and • assessing the related disclosures in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

KEY AUDIT MATTERS *(Continued)*

Assessment of the potential impairment of Property, plant and equipment and Intangible assets

Refer to notes 11 and 12 to the consolidated financial statements and the accounting policies in note 2(j)(ii).

The Key Audit Matter	How the matter was addressed in our audit
<p>As at 31 December 2025, the carrying values of the Group's Property, Plant and Equipment ("PP&E") and intangible assets amounted to RMB82 million and RMB462 million, respectively.</p> <p>The Group's PP&E and intangible assets are allocated to relevant cash generating units ("CGUs") for the purpose of assessing if there is any impairment as at 31 December 2025.</p> <p>When it is determined that indicators of potential impairment of PP&E and intangible assets exist, management compares the carrying amount of the CGU with its recoverable amount, which is estimated by discounted cash flow forecast, to determine the amount of impairment, if any.</p> <p>The preparation of discounted cash flow forecasts involves the exercise of significant management judgement, particularly in estimating forecast revenue, forecast cost of sales, forecast expenses and the discount rates applied.</p>	<p>Our audit procedures to assess the potential impairment of PP&E and intangible assets included the following:</p> <ul style="list-style-type: none"> • obtaining an understanding of the entity and its environment and assessing the design, implementation and operating effectiveness of management's key internal controls relating to impairment assessment of PP&E and intangible assets; • assessing management's identification of indicators of potential impairment of the PP&E and intangible assets; • assessing the methods adopted by management in the preparation of the discounted cash flow forecasts, and management's identification of CGUs and the allocation of assets and liabilities to each CGU with reference to our understanding of the Group's business and the requirements of the prevailing accounting standards; • challenging the key assumptions adopted in the discounted cash flow forecasts, including forecast revenue, forecast cost of sales, forecast expense by comparing these inputs with the historical results of each CGU and economic and industry forecasts; • comparing key financial data, including revenue, cost of sales and expenses, in the discounted cash flow forecasts with the budgets;

KEY AUDIT MATTERS *(Continued)*

Assessment of the potential impairment of Property, plant and equipment and Intangible assets *(Continued)*

Refer to notes 11 and 12 to the consolidated financial statements and the accounting policies in note 2(j)(ii).

The Key Audit Matter	How the matter was addressed in our audit
<p>We identified assessment of the potential impairment of PP&E and intangible assets as a key audit matter because of the impairment assessments involve the exercise of significant judgement in estimating the inputs in the impairment assessment model, which can be inherently uncertain and could be subject to management bias in their selection.</p>	<ul style="list-style-type: none"><li data-bbox="774 523 1396 713">• involving our internal valuation specialists on a sample basis to assess whether the discount rates applied in the discounted cash flow forecast were within the range adopted by other companies in the same industry and/or comparable to external market data;<li data-bbox="774 750 1396 901">• comparing the actual results for the current year with the forecasts prepared in the prior year to assess the reliability of management's forecasting process and whether there is any indication of management bias;<li data-bbox="774 937 1396 1159">• performing sensitivity analyses of the key assumptions adopted by management to assess what changes thereto, either individually or collectively, would result in a different conclusion being reached and assessing whether there were any indicators of management bias in the selection of key assumptions; and<li data-bbox="774 1196 1396 1347">• assessing the disclosures in the consolidated financial statements in respect of the impairment assessment of PP&E and intangible assets with reference to the requirements of the prevailing accounting standards.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all 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 as part of our engagement to audit the consolidated financial statements. We have performed an assurance engagement on the disclosed continuing connected transactions that form part of the other information and provided a separate assurance practitioner's conclusion thereon that is included within the other information.

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

The directors 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. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and 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 Yeung Ka Chun Dennis (practising certificate number: P04753).

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

30 March 2026

Consolidated Income Statement

For the year ended 31 December 2025
(Expressed in Renminbi ("RMB"))

	Note	2025 RMB'000	2024 RMB'000
Revenue	3, 4	1,487,561	1,829,233
Cost of sales		(1,556,461)	(1,684,040)
Gross (loss)/profit		(68,900)	145,193
Other revenue	5(a)	27,405	32,405
Other net gain/(loss)	5(b)	17,012	(3,684)
Selling and distribution costs		(55,717)	(85,759)
Administrative and other operating expenses		(273,636)	(164,224)
Impairment loss on trade and other receivables and contract assets		(127,792)	(210,018)
Share of profits or losses of an associate		–	(153)
Loss from operations		(481,628)	(286,240)
Finance costs	6(a)	(10,418)	(10,557)
Loss before taxation		(492,046)	(296,797)
Income tax	7(a)	(5,355)	31,752
Loss for the year		(497,401)	(265,045)
Loss attributable to:			
Equity shareholders of the Company		(493,835)	(265,908)
Non-controlling interests		(3,566)	863
Loss for the year		(497,401)	(265,045)
Loss per share	10		
Basic and diluted (RMB)		(0.63)	(0.34)

Consolidated Income Statement and Other Comprehensive Income

For the year ended 31 December 2025
(Expressed in RMB)

	Note	2025 RMB'000	2024 RMB'000
Loss for the year		(497,401)	(265,045)
Other comprehensive income for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax		(329)	(522)
Total comprehensive income for the year		(497,730)	(265,567)
Attributable to:			
Equity shareholders of the Company		(494,164)	(266,430)
Non-controlling interests		(3,566)	863
Total comprehensive income for the year		(497,730)	(265,567)

The notes on pages 105 to 158 form part of these financial statements. Details of dividends to equity shareholders of the Company are set out in note 24(b).

Consolidated Statement of Financial Position

At 31 December 2025
(Expressed in RMB)

	Note	31 December 2025 RMB'000	31 December 2024 RMB'000
Non-current assets			
Property, plant and equipment	11	82,408	60,709
Intangible assets	12	461,952	576,200
Financial assets measured at amortised cost	13	570,422	376,039
Deferred tax assets	22	57,210	58,496
		1,171,992	1,071,444
Current assets			
Inventories	15	1,052,166	1,363,757
Contract assets	16	720,214	987,448
Trade and other receivables	17	1,481,438	1,687,280
Prepayments		113,491	114,307
Cash and cash equivalents	18	322,579	344,686
		3,689,888	4,497,478
Current liabilities			
Trade and other payables	19	2,176,472	2,400,263
Contract liabilities	16	184,509	148,360
Loans and borrowings	20	263,670	308,982
Lease liabilities	21	446	921
Income tax payable		31,877	28,869
		2,656,974	2,887,395
		1,032,914	1,610,083
Net current assets			
		2,204,906	2,681,527
Total assets less current liabilities			

Consolidated Statement of Financial Position

At 31 December 2025
(Expressed in RMB)

	Note	31 December 2025 RMB'000	31 December 2024 RMB'000
Non-current liabilities			
Deferred tax liabilities	22	463	3,383
Deferred income	23	6,364	6,580
Loans and borrowings	20	61,405	38,598
Lease liabilities	21	446	–
Long-term payables		992	–
		69,670	48,561
NET ASSETS			
		2,135,236	2,632,966
CAPITAL AND RESERVES			
Share capital	24	1,189,968	1,189,968
Reserves		929,628	1,423,792
Total equity attributable to equity shareholders of the Company			
		2,119,596	2,613,760
Non-controlling interests			
		15,640	19,206
TOTAL EQUITY			
		2,135,236	2,632,966

Approved and authorised for issue by the board of directors on 30 March 2026.

)	
)	
Han Tao)	<i>Directors</i>
Zhao Xiaobo)	
)	
)	

The notes on pages 105 to 158 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025
(Expressed in RMB)

	Attributable to equity shareholders of the Company							Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Statutory reserves RMB'000	Translation reserve RMB'000	Other reserves RMB'000	Special reserves RMB'000	Retained profits RMB'000	Total RMB'000		
	Note 24(c)	Note 24(d)(i)	Note 24(d)(ii)	Note 24(d)(iii)	Note 24(d)(v)				
Balance at 1 January 2024	1,189,968	194,282	44,979	(537,048)	32	1,987,977	2,880,190	18,343	2,898,533
Changes in equity for 2024:									
(Loss)/profit for the year	-	-	-	-	-	(265,908)	(265,908)	863	(265,045)
Other comprehensive income	-	-	(522)	-	-	-	(522)	-	(522)
Total comprehensive income for the year	-	-	(522)	-	-	(265,908)	(266,430)	863	(265,567)
Appropriation to reserves	-	2,209	-	-	-	(2,209)	-	-	-
Appropriation of safety production fund	-	-	-	-	1,636	(1,636)	-	-	-
Utilisation of safety production fund	-	-	-	-	(1,668)	1,668	-	-	-
Balance at 31 December 2024	1,189,968	196,491	44,457	(537,048)	-	1,719,892	2,613,760	19,206	2,632,966

	Attributable to equity shareholders of the Company							Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Statutory reserves RMB'000	Translation reserve RMB'000	Other reserves RMB'000	Special reserves RMB'000	Retained profits RMB'000	Total RMB'000		
	Note 24(c)	Note 24(d)(i)	Note 24(d)(ii)	Note 24(d)(iii)	Note 24(d)(v)				
Balance at 1 January 2025	1,189,968	196,491	44,457	(537,048)	-	1,719,892	2,613,760	19,206	2,632,966
Changes in equity for 2025:									
Loss for the year	-	-	-	-	-	(493,835)	(493,835)	(3,566)	(497,401)
Other comprehensive income	-	-	(329)	-	-	-	(329)	-	(329)
Total comprehensive income for the year	-	-	(329)	-	-	(493,835)	(494,164)	(3,566)	(497,730)
Appropriation to reserves	-	1,412	-	-	-	(1,412)	-	-	-
Appropriation of safety production fund	-	-	-	-	1,032	(1,032)	-	-	-
Utilisation of safety production fund	-	-	-	-	(1,032)	1,032	-	-	-
Balance at 31 December 2025	1,189,968	197,903	44,128	(537,048)	-	1,224,645	2,119,596	15,640	2,135,236

The notes on pages 105 to 158 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2025
(Expressed in RMB)

	Note	2025 RMB'000	2024 RMB'000
Operating activities			
Loss for the year		(497,401)	(265,045)
Adjustments for:			
Income tax		5,355	(31,752)
Depreciation	6(c)	15,245	22,591
Amortisation of intangible assets	6(c)	111,368	100,825
Impairment losses on trade and other receivables and contract assets		127,792	210,018
Impairment losses on intangible assets	6(c)	37,378	–
Impairment losses on property, plant and equipment	6(c)	965	–
Impairment losses on prepayments	6(c)	3,402	1,743
Finance costs	6(a)	10,418	10,557
Interest income	5(a)	(26,159)	(29,488)
Share of profits or losses of an associate		–	153
Net gain on disposal of an associate		–	(956)
Net gain on disposal of property, plant and equipment	5(b)	(44)	(199)
Net loss on debt restructure		–	103
		–	
Foreign exchange gain/(loss), net		235	(1,066)
		–	
Changes in working capital:			
Decrease/(increase) in inventories		311,591	(81,076)
Increase in trade and other receivables		(60,088)	(71,781)
Decrease/(increase) in contract assets		208,576	(120,239)
(Decrease)/increase in trade and other payables		(209,920)	197,845
Increase in contract liabilities		36,149	74,778
Decrease in deferred income		(216)	(540)
Cash generated from operations		74,646	16,471
Income tax paid		(3,981)	(4,834)
Net cash generated from operating activities		70,665	11,637

Consolidated Cash Flow Statement

For the year ended 31 December 2025
(Expressed in RMB)

	Note	2025 RMB'000	2024 RMB'000
Investing activities			
Payments for the purchase of property, plant and equipment		(37,267)	(2,005)
Expenditure on intangible assets		(34,582)	(91,249)
Interest received		26,159	29,488
Proceeds from disposal of investment in an associate		–	4,399
Proceeds from disposal of property, plant and equipment		505	–
Net cash used in investing activities		(45,185)	(59,367)
Financing activities			
Capital element of lease rentals paid	18(b)	(1,220)	(2,432)
Interest element of lease rentals paid	18(b)	(22)	(92)
Proceeds from loans and borrowings	18(b)	307,333	345,131
Repayment of loans and borrowings	18(b)	(342,717)	(303,776)
Other borrowing costs paid	18(b)	(10,396)	(10,254)
(Increase)/decrease in restricted deposit		(9,432)	3,546
Net cash (used in)/generated from financing activities		(56,454)	32,123
Net decrease in cash and cash equivalents		(30,974)	(15,607)
Cash and cash equivalents at the beginning of the year		339,697	354,783
Effect of foreign exchange rate changes		(565)	521
Cash and cash equivalents at the end of the year	18	308,158	339,697

The notes on pages 105 to 158 form part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025
(Expressed in RMB unless otherwise indicated)

1 GENERAL INFORMATION

Technovator International Limited (the “Company”) was incorporated in Singapore on 25 May 2005 under the name of “Technovator Int Private Ltd.” as an exempted company with limited liability under the Singapore Companies Act 1967. The name of the Company was changed to Technovator International Limited on 8 September 2011. The Company and its subsidiaries hereinafter are collectively referred to as the “Group”. Technovator is principally engaged in integrated and comprehensive urban smart energy saving services. Its business covers three major segments including smart transportation, smart buildings and complex and smart energy, providing the customers with smart energy management products, solutions and integrated services throughout their full life cycles. The details of the subsidiaries directly or indirectly owned by the Company are set out in note 14.

The controlling shareholder of the Company is Tsinghua Tongfang Co., Ltd. (“THTF”). On 30 December 2019, State-owned Assets Supervision and Administration Commission of the State Council (“SASAC”) approved Tsinghua Holding Co., Ltd. (“Tsinghua Holding”), the single largest shareholder of THTF, to transfer its directing holding shares of THTF to China Nuclear Engineering Capital Holdings Limited (“CNEC”). CNEC is the wholly owned subsidiary of China National Nuclear Corporation (“CNNC”). On 31 December 2019, the ultimate controlling shareholder of THTF has changed from the Ministry of Education of the People’s Republic of China (“PRC”) to SASAC.

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new or amended HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

Non-current assets and disposal groups held for sale are stated at lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025
(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation of the financial statements *(Continued)*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 29.

(c) Changes in accounting policies

(i) **New and amended HKFRSs**

The Group has applied amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests (“NCI”) either at fair value or at the NCI’s proportionate share of the subsidiary’s net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated income statement and the consolidated income statement and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(o) and 2(p), depending on the nature of liability.

Changes in the Group’s interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in the income statement. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company’s statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(j)).

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(e) Associates and joint ventures

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group or the Company has joint control, whereby the Group or the Company has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in an associate or a joint venture is accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate, after applying the ECL model to such other long-term interests where applicable (see note 2(j)(i)).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealized gains, but only to the extent there is no evidence of impairment.

In the Company's statement of financial position, an investment in an associate or a joint venture is stated at cost less impairment losses (see note 2(j)).

(f) Other investments in debt and equity securities

The Group's and the Company's policies for investments in securities, other than investments in subsidiaries and associates, are set out below:

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at financial assets measured at FVPL for which transaction costs are recognised directly in the profit or loss. These investments are subsequently accounted for as follows, depending on their classification.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025
(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(f) Other investments in debt and equity securities *(Continued)*

(i) **Non-equity investments**

Non-equity investments are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 2(t)(ii)(c)), foreign exchange gains and losses are recognised in the profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.
- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Currently, the Group does not have financial assets classified as FVPL or FVOCI.

(ii) **Equity investments**

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income (see note 2(t)(ii)(b)).

(g) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses (see note 2(j)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(g) Property, plant and equipment *(Continued)*

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment less their estimated residual values, if any, using the straight line method over their estimated useful lives as follows, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

– Leasehold improvements	The shorter of the remaining lease term or 5 years
– Furniture and fittings	5 to 10 years
– Computers and office equipment	3 to 10 years
– Plant and machinery	5 to 12 years
– Motor vehicles	5 to 10 years
– Leasehold land and buildings	Remaining lease term

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(h) Intangible assets (other than goodwill)

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets, including patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see note 2(j)).

Expenditure on internally generated goodwill and brands is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

– Patents and technology know-how	5 years
– Service concession assets	15 to 23 years

Amortisation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025
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2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(i) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in the income statement on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(g) and 2(j)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see notes 2(f)(i), 2(t)(ii)(a) and 2(j)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(i) Leased assets *(Continued)*

(i) **As a lessee** *(Continued)*

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) **As a lessor**

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

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. The rental income from operating leases is recognised in accordance with note 2(t)(ii)(a).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an 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 exemption described in note 2(i)(i), then the Group classifies the sub-lease as an operating lease.

(j) Credit losses and impairment of assets

(i) **Credit losses from financial instruments and contract assets**

The Group recognises a loss allowance for expected credit losses ("ECL"s) on:

- financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables, and long-term receivables); and
- contract assets (see note 2(l));

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof; and
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025
(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(j) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments and contract assets *(Continued)*

Measurement of ECLs *(Continued)*

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the statement of financial position.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(j) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments and contract assets *(Continued)*

Credit-impaired financial assets *(Continued)*

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than property carried at revalued amounts, inventories and other contract costs, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash flows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025
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2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(k) Inventories and other contract costs

(i) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see note 2(k)(i)), property, plant and equipment (see note 2(g)) or intangible assets (see note 2(h)).

Incremental costs of obtaining a contract e.g. sales commission, are capitalised if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Otherwise, costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Amortisation of capitalised contract costs is recognised in the income statement when the revenue to which the asset relates is recognised (see note 2(t)).

(l) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 2(t)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs (see note 2(j)(i)) and are reclassified to receivables when the right to the consideration becomes unconditional (see note 2(m)).

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 2(t)). A contract liability is also recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see note 2(m)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(t)).

2 MATERIAL ACCOUNTING POLICIES (Continued)

(m) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see note 2(j)(i)).

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL (see note 2(j)(i)).

(o) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised costs unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts. The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(p) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 2(v).

(q) Employee benefits

(i) **Short-term employee benefits and contributions to defined contribution retirement plans**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) **Termination benefits**

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025
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2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(r) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in the income statement except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantially enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries and associates to the extent that the Group is able to control the timing of reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(s) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see note 2(j)(ii)).

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(t) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

(a) Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates and excluding value added tax or other sales taxes. Revenue is recognised when the customer takes possession of and accepts the products which is taken to be the point in time when the final testing of goods is completed at the customers' premises and there is no continuing management involvement with the goods.

(b) Service fee income

Service fee income is recognised when services are rendered to customers. For consulting service, the service fee income is recognised on a straight-line basis over the service period. For after-sales services, service fee income is deferred over the warranty period or when services are rendered to customers if the after-sales services are not covered by the warranty period.

Notes to the Consolidated Financial Statements

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2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(t) Revenue and other income *(Continued)*

(i) Revenue from contracts with customers *(Continued)*

(c) Construction projects

The Group's construction activities under construction contracts with customers create or enhance an asset controlled by the customers.

When the outcome of a construction project can be reasonably measured, revenue from the contract is recognised over time during the construction process using the cost-to-cost method. Under the cost-to-cost method, revenue is recognised based on the proportion of the actual costs incurred relative to the estimated total costs to provide a faithful depiction of the transfer of those services, with reference to written documentation from customers indicating their acceptance of the work performed to reporting date on projects.

The likelihood of the Group earning contractual bonuses for early completion or suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The Group applies the most likely amount approach to estimate such variable consideration by considering the single most likely amount in a limited range of possible consideration amount, taking into account the Group's current progress and future performance expectations compared to the agreed completion timeline.

When the outcome of the project cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

If at any time the costs to complete the project are estimated to exceed the remaining amount of the consideration under the project, then a provision is recognised in accordance with the policy set out in note 2(s).

(ii) Revenue from other sources and other income

(a) Rental income from operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease.

(b) Dividends

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(c) Interest income

Interest income from bank deposits is recognised using the effective interest method. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired, subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(t) Revenue and other income *(Continued)*

(ii) Revenue from other sources and other income *(Continued)*

(d) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are recognised as income in profit or loss on a systematic basis over the useful life of the asset.

(u) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

Notes to the Consolidated Financial Statements

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2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(w) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment 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).
 - (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 Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(x) Segment reporting

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

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

3 REVENUE

The Group are principally engaged in integrated and comprehensive urban smart energy saving services. Its business covers three major segments including smart transportation, smart building and complex and smart energy, providing the customers with smart energy management products, solutions and integrated services throughout their full life cycles.

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by service lines is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from smart transportation business	227,192	435,196
Revenue from smart building and complex business	572,777	720,259
Revenue from smart energy business	687,592	673,778
	1,487,561	1,829,233

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in notes 4(a) and 4(c) respectively.

(b) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 December 2025, the aggregated nominal contract amount allocated to the remaining performance obligations under the Group's existing contracts is approximately RMB4,093,858,000 (2024: RMB3,540,319,000). This amount represents revenue expected to be recognised in the future from construction projects entered into by the customers with the Group. The Group will recognise the expected revenue in future when or as the work is completed.

The above amount also does not include any amounts of additional consideration that the Group may earn in the future by meeting the conditions set out in the Group's construction projects with the customers, unless at the reporting date it is highly probable that the Group will satisfy the conditions for earning the additional consideration.

4 SEGMENT REPORTING

The Group manages its businesses by divisions. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments:

Smart transportation business ("STB"): It comprises a series of proprietary software and hardware products and systems for rail transit such as Integrated Supervision and Control System ("ISCS"), Building Automation System ("BAS") for rail transit and safety door system, providing integrated solutions with full life cycles ranging from planning, procurement, installation and commissioning to aftersales service.

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4 SEGMENT REPORTING *(Continued)*

Smart building and complex business (“SBB”): It provides integrated intelligence solutions and efficiency management services, namely integrated energy consumption monitoring, energy-saving consultation and reformation services and integration and product supply of intelligence system for buildings, aimed at different building and complex and rendering full life-cycle services of which reduces energy consumption and operating costs of buildings.

Smart energy business (“SEB”): It comprises a series of leading technologies such as regional energy planning, integrated utilisation of industrial waste heat recovery technology, heat pump technology, independent temperature and humidity control technology and variable air rate technology applied in the energy cascade utilisation as well as optimisation and transformation of energy system. The Group possess self-owned core leading technologies (in the field of urban heating network) such as heating network & heating source monitoring and optimal regulation, distributed variable frequency heating technology, cooling and heating network balancing technology, combined multi-heat sources heating technology.

(a) Information about reportable segments

For the purposes of assessing segment performance and allocating resources between segments, the Group’s senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. However, other than reporting intersegment sales of products, assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The measure used for reporting segment results is profit or loss before income tax adjusted for items not specifically attributed to individual segments, such as finance cost, depreciation and amortisation, and certain allocated head office and corporate expenses/(gains). Segment profit or loss is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

In addition to receiving segment information concerning segment results, management is provided with segment information concerning revenue (including intersegment sales), interest income and impairment losses. Inter-segment pricing is determined on a consistent basis using market benchmarks.

Segment assets and liabilities are not regularly reported to the Group’s senior executive management and therefore information of reportable segment assets and liabilities are not presented in the consolidated financial statements.

4 SEGMENT REPORTING (Continued)

(a) Information about reportable segments (Continued)

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2025 and 2024 is set out below:

	STB		SBB		SEB		Total	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Disaggregated by timing of revenue recognition								
Point in time	15,698	16,477	69,198	130,207	22,928	78,280	107,824	224,964
Over time	211,494	418,719	503,579	590,052	664,664	595,498	1,379,737	1,604,269
Reportable segment revenue	227,192	435,196	572,777	720,259	687,592	673,778	1,487,561	1,829,233
Reportable segment (loss)/profit	(122,053)	(106,227)	(229,070)	(118,844)	8,841	75,046	(342,282)	(150,025)
Interest income	193	897	475	375	25,491	28,216	26,159	29,488
Impairment loss on trade and other receivables and contract assets	(68,745)	(76,201)	(30,376)	(111,469)	(28,671)	(22,348)	(127,792)	(210,018)
Impairment loss on intangible assets	(14,917)	-	(22,461)	-	-	-	(37,378)	-
Impairment loss on property, plant and equipment	-	-	(965)	-	-	-	(965)	-
Impairment loss on prepayments	(1,307)	(344)	-	(569)	(2,095)	(830)	(3,402)	(1,743)

(b) Reconciliations of reportable segment profit or loss

	2025 RMB'000	2024 RMB'000
Profit		
Reportable segment loss	(342,282)	(150,025)
Depreciation and amortisation	(126,613)	(123,416)
Finance costs	(10,418)	(10,557)
Unallocated head office and corporate expenses	(12,733)	(12,799)
Consolidated loss before taxation	(492,046)	(296,797)

(c) Geographic information

For the years ended 31 December 2025 and 2024, as the Group does not have material operations outside the PRC, no geographic segment information is presented.

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5 OTHER REVENUE AND OTHER NET GAIN/(LOSS)

(a) Other revenue

	2025 RMB'000	2024 RMB'000
Government grants	624	1,719
Interest income	26,159	29,488
Others	622	1,198
	27,405	32,405

(b) Other net gain/(loss)

	2025 RMB'000	2024 RMB'000
Net foreign exchange (loss)/gain	(235)	1,126
Net gain on disposal of property, plant and equipment	44	199
Tax and overdue fine	(89)	(4,500)
Derecognition of financial liabilities	17,483	–
Others	(191)	(509)
	17,012	(3,684)

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs

	2025 RMB'000	2024 RMB'000
Interest on loans and borrowings	10,396	10,465
Interest on lease liabilities (Note 18(b))	22	92
	10,418	10,557

6 LOSS BEFORE TAXATION (Continued)**(b) Staff costs**

	2025 RMB'000	2024 RMB'000
Salaries and other benefits	167,726	147,075
Contributions to defined contribution retirement schemes	22,445	21,422
	190,171	168,497

Staff costs include directors' and senior management's remuneration (notes 8 and 27(d)).

Pursuant to the relevant labour rules and regulations in the PRC, the Group's PRC subsidiaries participate in a defined contribution retirement scheme (the "Scheme") organised by the local authorities whereby the subsidiaries are required to make contributions to the Scheme at 16% of the eligible employees' salaries from 1 May 2019. Contributions to the Scheme vest immediately.

For the Group's subsidiaries in countries other than the PRC, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Save for the above, the Group has no other material obligation for payment of retirement benefits beyond the contributions described above.

(c) Other items

	2025 RMB'000	2024 RMB'000
Cost of inventories (Note 15(b))	1,446,320	1,535,213
Research and development expenses	68,737	22,131
Amortisation of intangible assets (Note 12)	111,368	100,825
Depreciation (Note 11)		
– owned property, plant and equipment	14,411	20,048
– right-of-use assets	834	2,543
Impairment losses		
– intangible assets	37,378	–
– property, plant and equipment	965	–
– prepayment	3,402	1,743
Auditors' remuneration		
– audit services	3,890	3,730
– non-audit services	126	126

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7 INCOME TAX

(a) Income tax in the consolidated income statement represents:

	2025 RMB'000	2024 RMB'000
Current tax		
Provision for the year	8,465	2,534
Over-provision in respect of prior years	(1,476)	(4,534)
	6,989	(2,000)
Deferred tax		
Origination and reversal of temporary differences (Note 22(a))	(1,634)	(29,752)
	5,355	(31,752)

(b) Reconciliation between income tax expense and loss before taxation at applicable tax rates:

	Notes	2025 RMB'000	2024 RMB'000
Loss before taxation		(492,046)	(296,797)
Expected tax calculated at the respective tax rates	(i)/(ii)	(121,944)	(73,481)
Tax effect on non-deductible expenses		2,406	3,312
Effect of tax concession	(iii)	(11,481)	(5,640)
Tax effect of unused tax losses not recognised		137,850	48,591
Over-provision in respect of prior years		(1,476)	(4,534)
Actual income tax expense		5,355	(31,752)

Notes:

- (i) The Company is subject to Singapore corporate income tax at 17% for the years ended 31 December 2025 and 2024. No provision for Singapore income tax was made because the Company sustained tax losses for the years ended 31 December 2025 and 2024.
- (ii) The subsidiaries of the Group established in the PRC are subject to PRC corporate income tax ("CIT") rate of 25% for the years ended 31 December 2025 and 2024.
- The subsidiary of the Group established in the Cayman Islands is not subject to any income tax pursuant to the rules and regulations of the Cayman Islands.
- The subsidiary of the Group established in Hong Kong is subject to Hong Kong profits tax rate of 16.5% for the years ended 31 December 2025 and 2024.
- (iii) Tongfang Technovator Int (Beijing) Co., Ltd. ("Technovator Beijing") is recognised as a high and new technology enterprise and is eligible to enjoy a preferential tax rate of 15% until December 2026.
- Tongfang Energy Saving Engineering Technology Co., Ltd. ("Tongfang Energy Saving") is recognised as a high and new technology enterprise and is eligible to enjoy a preferential tax rate of 15% until December 2028.

8 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1) of the new Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Year ended 31 December 2024					
	Directors' fees RMB'000	Salaries, allowances and benefits in-kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Sub-total RMB'000	Total RMB'000
Executive directors						
Zhao Xiaobo	-	592	287	-	879	879
Qin Xuzhong (resigned on 1 February 2024)	-	-	-	-	-	-
Wang Zhiqiang (appointed on 1 February 2024; resigned on 24 December 2024)	-	-	-	-	-	-
Qin Bing (appointed on 24 December 2024)	-	-	-	-	-	-
Non-executive directors						
Zeng Xuejie	-	-	-	-	-	-
Liang Wuquan (resigned on 1 February 2024)	-	-	-	-	-	-
Zhang Jian (resigned on 1 February 2024)	-	-	-	-	-	-
Zhang Yanhua (appointed on 1 February 2024)	-	-	-	-	-	-
Qin XuZhong (appointed on 1 February 2024; resigned on 26 August 2024)	-	-	-	-	-	-
Li Chengfu (appointed on 26 August 2024)	-	-	-	-	-	-
Independent non-executive directors						
Fan Ren Da Anthony	333	-	-	-	333	333
Chia Yew Boon	333	-	-	-	333	333
Lu Yao	259	-	-	-	259	259
	925	592	287	-	1,804	1,804

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8 DIRECTORS' REMUNERATION (Continued)

	Year ended 31 December 2025					
	Directors' fees	Salaries, allowances and benefits in-kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Zhao Xiaobo	-	537	276	-	813	813
Qin Bing	-	-	-	-	-	-
Non-executive directors						
Zeng Xuejie	-	-	-	-	-	-
Zhang Yanhua	-	-	-	-	-	-
Li Chengfu	-	-	-	-	-	-
Independent non-executive directors						
Fan Ren Da Anthony (resigned on 17 June 2025)	151	-	-	-	151	151
Chia Yew Boon	325	-	-	-	325	325
Li Xuejin (appointed on 17 June 2025)	156	-	-	-	156	156
Lu Yao	272	-	-	-	272	272
	904	537	276	-	1,717	1,717

During the years ended 31 December 2025 and 2024, there were no amounts paid or payable by the Group to the directors, supervisors or any of the five highest paid individuals set out in Note 9 below as an inducement to join or upon joining the Group or as compensation for loss of office.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2024: one) is a director whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other individuals are as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other benefits	2,691	2,431
Discretionary bonuses	663	1,750
	3,354	4,182

The emoluments of the four (2024: four) individuals with the highest emoluments are within the following bands:

	2025 Number of Individuals	2024 Number of Individuals
HK\$500,001 – HK\$1,000,000	3	1
HK\$1,000,001 – HK\$1,500,000	1	3

10 LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following data:

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB493,835,000 (2024: RMB265,908,000) and the weighted average number of ordinary shares of 782,192,189 (2024: 782,192,189) in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

	2025 Number of shares	2024 Number of shares
Issued ordinary shares at 1 January	782,192,189	782,192,189
Effect of purchase of own shares	–	–
Weighted average number of ordinary shares at 31 December	782,192,189	782,192,189

(b) Diluted loss per share

There were no dilutive potential shares outstanding during the years ended 31 December 2025 and 2024.

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11 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Leasehold improvements RMB'000	Furniture and fittings RMB'000	Computers and office equipment RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Leasehold land and buildings RMB'000	Construction in progress ("CIP") RMB'000	Total RMB'000
Cost:								
At 1 January 2024	19,513	3,400	10,254	361,066	6,002	7,816	9,148	417,199
Additions	-	437	447	1,121	-	793	-	2,798
Disposals	(17)	-	(295)	(27,205)	(186)	(871)	-	(28,574)
Exchange adjustments	-	10	9	-	2	22	-	43
At 31 December 2024 and 1 January 2025	19,496	3,847	10,415	334,982	5,818	7,760	9,148	391,466
Additions	-	48	174	3,078	465	1,202	33,502	38,469
Disposals	(5,129)	-	-	(101,482)	(338)	(5,300)	-	(112,249)
Exchange adjustments	-	(14)	(13)	-	(4)	(34)	-	(65)
At 31 December 2025	14,367	3,881	10,576	236,578	5,941	3,628	42,650	317,621
Accumulated depreciation and impairment:								
At 1 January 2024	8,918	1,981	8,529	298,828	5,147	3,048	9,002	335,453
Charge for the year	654	517	488	18,258	131	2,543	-	22,591
Written back on disposals	-	-	(278)	(26,050)	(115)	(871)	-	(27,314)
Exchange adjustments	-	9	8	-	1	9	-	27
At 31 December 2024	9,572	2,507	8,747	291,036	5,164	4,729	9,002	330,757
At 1 January 2025	9,572	2,507	8,747	291,036	5,164	4,729	9,002	330,757
Charge for the year	470	223	418	13,170	130	834	-	15,245
Impairment loss	-	-	-	965	-	-	-	965
Written back on disposals	(5,129)	-	-	(101,481)	(321)	(4,769)	-	(111,700)
Exchange adjustments	-	(14)	(12)	-	(3)	(25)	-	(54)
At 31 December 2025	4,913	2,716	9,153	203,690	4,970	769	9,002	235,213
Net book value:								
At 31 December 2024	9,924	1,340	1,668	43,946	654	3,031	146	60,709
At 31 December 2025	9,454	1,165	1,423	32,888	971	2,859	33,648	82,408

During the year ended 31 December 2025, impairment loss of RMB965,000 in relation to SBB segment was recognised in "Administrative and other operating expenses" to reduce the carrying amount of these property, plant and equipment to their recoverable amount. Details of impairment test relating to CGUs containing property, plant and equipment and intangible assets are set out in note 12.

11 PROPERTY, PLANT AND EQUIPMENT *(Continued)***(b) Right-of-use assets**

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Leasehold land and buildings, carried at depreciated cost	2,859	3,031

The analysis of expense items in relation to leases recognised in the income statement is as follows:

	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset: – Leasehold land and buildings	834	2,543
Interest on lease liabilities (Note 6(a))	22	92
Expense relating to short-term leases	9,396	7,572

During the year, additions to right-of-use assets were RMB1,202,000, which is comprised of leasehold buildings.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 18(c) and 21, respectively.

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12 INTANGIBLE ASSETS

	Trade name RMB'000	Patents and technology know-how RMB'000	Service concession assets RMB'000	Total RMB'000
Cost:				
At 1 January 2024	4	689,156	214,009	903,169
Additions through internal development	–	92,350	37	92,387
Disposals	–	(2,202)	–	(2,202)
At 31 December 2024	4	779,304	214,046	993,354
At 1 January 2025	4	779,304	214,046	993,354
Additions	–	–	12,437	12,437
Additions through internal development	–	22,145	–	22,145
Disposals	(4)	(13,929)	–	(13,933)
At 31 December 2025	–	787,520	226,483	1,014,003
Accumulated amortisation and impairment:				
At 1 January 2024	–	282,871	35,660	318,531
Charge for the year	–	91,592	9,233	100,825
Written back on disposals	–	(2,202)	–	(2,202)
At 31 December 2024	–	372,261	44,893	417,154
At 1 January 2025	–	372,261	44,893	417,154
Charge for the year	–	101,133	10,235	111,368
Impairment loss	–	37,378	–	37,378
Written back on disposals	–	(13,849)	–	(13,849)
At 31 December 2025	–	496,923	55,128	552,051
Net book value:				
At 31 December 2024	4	407,043	169,153	576,200
At 31 December 2025	–	290,597	171,355	461,952

The amortisation charge for the year is included in “Cost of sales” and “Administrative and other operating expenses” in the consolidated income statement.

12 INTANGIBLE ASSETS (Continued)

The Group has entered into a service concession arrangement with certain government authorities in the PRC on a Build-operate-transfer (“BOT”) basis in respect of its heating or power supplying service. Pursuant to the service concession arrangement contracts, the Group (i) is responsible for the construction of the underlying assets, and the acquisition of the related facilities and equipment; (ii) has the contractual obligations to maintain the infrastructure at a specified level of serviceability and also maintain the infrastructure to an acceptable level of working conditions before handing over the infrastructure to the grantors; and (iii) is entitled to operate the underlying assets upon completion for a specified concession period for 20 to 30 years by charging user or grantors of the public service. The Group will not hold any residual interest in the underlying assets upon expiration of the concession period. As such, the service concession arrangement contracts are accounted for as service concession arrangements and an intangible asset was recognised at an amount equal to the fair value of the consideration for provision of construction service upon initial recognition.

Impairment test for cash-generating units containing property, plant and equipment and intangible assets

In the year of 2025, the Group’s operating results in the STB and SBB CGUs were lower than originally budgeted, as a result of the slowing down of economic growth in the industry and the intense market competition. The Group assessed the recoverable amounts of the assets comprising the STB and SBB CGUs in relation to their operations.

The recoverable amounts of the CGUs are determined based on value-in-use calculations with a period of 15 years. The Group engaged an independent professional valuer to assist with the calculation. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions used in estimating the recoverable amounts are as follows:

	2025 STB	2025 SBB
Annual revenue growth rate during the forecast period	6%	10%
Gross profit margin	18.3-18.8%	13.5-18.9%
Growth rate beyond the forecast period	0%	0%
Pre-tax discount rate	9.8%	10.3%

As at 31 December 2025, the recoverable amounts of the STB and SBB CGUs were RMB54,000,000 and RMB142,000,000, respectively, which were lower than their carrying amounts by RMB14,917,000 and RMB23,426,000. The impairment loss of RMB38,343,000 recognised in “Administrative and other operating expenses”. As the CGUs have been reduced to their recoverable amounts, any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

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13 FINANCIAL ASSETS MEASURED AT AMORTISED COST

	2025 RMB'000	2024 RMB'000
Long-term receivables	763,570	616,902
Less: current portion of long-term receivables	(193,148)	(240,863)
	570,422	376,039

As at 31 December 2025, certain items of financial assets measured at amortised cost with net carrying amount of RMB72,962,000 (2024: RMB37,412,000) were pledged to secure interest-bearing borrowings. Other borrowings granted to the Group as disclosed in Note 20.

The remaining balance of long-term receivables mainly represent trade receivables of certain construction projects which are repayable by instalments over 1 to 12 years period.

14 INVESTMENTS IN SUBSIDIARIES

The following list contains the particulars of the Company's principal subsidiaries at 31 December 2025.

Name of company	Place and date of incorporation/ establishment	Principal country of operation	Particulars of issued and fully paid up share/registered capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
Technovator Beijing	Beijing, PRC 7 August 2006	PRC	USD83,000,000	100%	100%	–	Design, manufacturing and marketing of building automation solutions
Tongfang Energy Saving	Beijing, PRC 21 June 2002	PRC	RMB231,812,167	100%	–	100%	Energy management services, marketing of heating power equipment
Tongfang Software	Beijing, PRC 22 November 2013	PRC	RMB10,000,000	100%	–	100%	Software development, technology development, marketing, service and consulting

All the above subsidiaries were established as limited liability companies in the PRC.

15 INVENTORIES

(a) Inventories in the statement of financial position comprise:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Raw materials	119,804	234,176
Work in progress	3,798	13,492
Finished goods	928,564	1,116,089
	1,052,166	1,363,757

(b) The analysis of the amount of inventories recognised as an expense and included in the consolidated income statement is as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount of inventories sold	1,446,320	1,535,213

16 CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) **Contract assets**

	31 December 2025 RMB'000	31 December 2024 RMB'000
Contract assets		
Arising from performance under construction projects	720,214	987,448
Receivables from contracts with customers within the scope of HKFRS 15, which are included in "Trade and other receivables" (Note 17)	1,431,483	1,617,432

Typical payment terms which impact on the amount of contract assets recognised are as follows:

- Construction projects

The Group's construction projects include payment schedules which require stage payments over the construction period once milestones are reached. These payment schedules prevent the build-up of significant contract assets.

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16 CONTRACT ASSETS AND CONTRACT LIABILITIES *(Continued)*

(b) Contract liabilities

	31 December 2025 RMB'000	31 December 2024 RMB'000
Contract liabilities		
Construction projects		
Billings in advance of performance	184,509	148,360

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

- Construction projects

When the Group receives a deposit before the production activity commences this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the project exceeds the amount of the deposit. The amount of deposit, if any, was negotiated on a case by case basis with customers.

Movements in contract liabilities

	2025 RMB'000	2024 RMB'000
Balance at 1 January	148,360	73,582
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(68,815)	(38,375)
Increase in contract liabilities as a result of billing in advance of construction activities	104,964	113,153
Balance at 31 December	184,509	148,360

The amount of contract liabilities expected to be recognised as income after more than one year is RMB93,605,000 (2024: RMB64,091,000).

17 TRADE AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade debtors due from related parties	259,754	196,354
Other trade debtors	1,482,634	1,616,635
Bills receivable	18,708	64,917
Less: Allowance for doubtful debts	(329,613)	(260,474)
	1,431,483	1,617,432
Other receivables		
– amounts due from related parties	4,324	2,054
– amounts due from third parties	85,080	103,241
Less: Allowance for doubtful debts	(39,449)	(35,447)
	1,481,438	1,687,280

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

Ageing analysis

Included in trade and other receivables are trade debtors and bills receivable (net of allowance for doubtful debts) with the following ageing analysis as of the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Current	1,347,641	1,548,031
Less than 1 month past due	4,592	2,127
More than 1 month but less than 3 months past due	11,668	1,179
More than 3 months but less than 12 months past due	31,106	44,960
More than 12 months past due	36,476	21,135
	83,842	69,401
	1,431,483	1,617,432

Trade debtors and bills receivable are due within 1–180 days from the date of billing. Further details of the Group's credit policy are set out in note 25(a).

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18 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	2025 RMB'000	2024 RMB'000
Deposit with banks and other financial institutions	14,421	4,989
Cash at bank and in hand	308,158	339,697
Cash and cash equivalents in the consolidated statement of financial position	322,579	344,686
Restricted deposit	(14,421)	(4,989)
Cash and cash equivalents in the consolidated cash flow statement	308,158	339,697

(b) Reconciliation of liabilities arising from financing activities

	Loans and borrowings RMB'000 (Note 20)	Lease liabilities RMB'000 (Note 21)	Total RMB'000
At 1 January 2024	285,846	2,566	288,412
Changes from financing cash flows:			
Proceeds from loans and borrowings	345,131	–	345,131
Repayment of loans and borrowings	(303,776)	–	(303,776)
Capital element of lease rentals paid	–	(2,432)	(2,432)
Interest element of lease rentals paid	–	(92)	(92)
Other borrowing costs paid	(10,254)	–	(10,254)
Total changes from financing cash flows	31,101	(2,524)	28,577
Exchange adjustments	–	(6)	(6)
Other changes:			
Increase in lease liabilities from entering into new leases during the year	–	793	793
Bank loans arising from supplier finance arrangement (Note 20(d))	20,168	–	20,168
Interest expenses	10,465	92	10,557
Total other changes	30,633	885	31,518
At 31 December 2024	347,580	921	348,501

18 CASH AND CASH EQUIVALENTS (Continued)**(b) Reconciliation of liabilities arising from financing activities** (Continued)

	Loans and borrowings RMB'000 (Note 20)	Lease liabilities RMB'000 (Note 21)	Total RMB'000
At 1 January 2025	347,580	921	348,501
Changes from financing cash flows:			
Proceeds from loans and borrowings	307,333	–	307,333
Repayment of loans and borrowings	(342,717)	–	(342,717)
Capital element of lease rentals paid	–	(1,220)	(1,220)
Interest element of lease rentals paid	–	(22)	(22)
Other borrowing costs paid	(10,396)	–	(10,396)
Total changes from financing cash flows	(45,780)	(1,242)	(47,022)
Exchange adjustments			
	–	(11)	(11)
Other changes:			
Increase in lease liabilities from entering into new leases during the year	–	1,202	1,202
Bank loans arising from supplier finance arrangement (Note 20(d))	12,879	–	12,879
Interest expenses	10,396	22	10,418
Total other changes	23,275	1,224	24,499
At 31 December 2025	325,075	892	325,967

(c) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2025 RMB'000	2024 RMB'000
Within operating cash flows	9,396	7,572
Within financing cash flows	1,220	2,432
	10,616	10,004

These amounts relate to the following:

	2025 RMB'000	2024 RMB'000
Leasehold land and buildings	10,616	10,004

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19 TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade and bills payables due to related parties	97,200	87,143
Other trade and bills payables	1,871,790	2,088,803
	1,968,990	2,175,946
Other payables and accruals		
– amounts due to related parties	21,377	26,262
– amounts due to third parties	186,105	198,055
Financial liabilities measured at amortised cost	2,176,472	2,400,263

All of the above balances are expected to be settled within one year or are repayable on demand. Included in trade and other payables are trade and bills payables with the following ageing analysis as of the end of reporting period:

	2025 RMB'000	2024 RMB'000
By date of invoice:		
Within 3 months	1,302,036	1,268,761
More than 3 months but within 6 months	135,661	220,719
More than 6 months but within 12 months	70,117	132,774
More than 12 months	461,176	553,692
	1,968,990	2,175,946

20 LOANS AND BORROWINGS

- (a) The analysis of carrying amount of loans and borrowings is as follows:

	2025 RMB'000	2024 RMB'000
Bank loans		
– unsecured and unguaranteed	242,313	302,068
– guaranteed	9,800	8,100
	252,113	310,168
Other borrowings		
– secured	72,962	37,412
	325,075	347,580

- (b) At the end of reporting period, loans and borrowings were repayable as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year or on demand	263,670	308,982
After 1 year but within 3 years	61,405	38,598

- (c) The amounts of banking facilities and the utilisation at the end of reporting period are set out as follows:

	2025 RMB'000	2024 RMB'000
Unsecured banking facilities	498,000	700,000

At 31 December 2025, the facilities were utilised to the extent of RMB333,699,000 (2024: RMB348,197,000).

At 31 December 2025, the other borrowings of the Group were secured by financial assets measured at amortised cost with an aggregate carrying value of RMB72,962,000 (2024: RMB37,412,000).

At 31 December 2025, none of the Group's banking facilities are subject to the fulfilment of covenants.

- (d) Bank loans arising from supplier finance arrangements:
As included in unsecured and unguaranteed bank loans, RMB12,879,000 mainly represents supplier finance arrangements.

The Group has entered into certain reverse factoring arrangements with banks, under which the Group obtained extended credit in respect of the invoice amounts owed to certain suppliers.

In the consolidated statement of financial position, the Group has presented the payables to the banks under these arrangements as "Loans and borrowings", in view of the nature and function of such liabilities when compared with the Group's trade payables to suppliers. As at 31 December 2025, the carrying amount of financial liabilities under these arrangements amounted to RMB12,879,000 (31 December 2024 RMB49,729,000), RMB12,879,000 of which suppliers have received payments from the banks.

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21 LEASE LIABILITIES

At 31 December 2025, the lease liabilities were repayable as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	446	921
After 1 year but within 2 years	446	–
	892	921

22 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

(a) Deferred tax assets and liabilities recognised

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and movements during the year are as follows:

	Credit loss allowance and impairment loss RMB'000	Receipts by instalment RMB'000	Right-of-uses assets RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2024	(47,750)	22,389	571	(571)	(25,361)
(Credited)/charged to the consolidated income statement (Note 7(a))	(31,104)	1,352	(404)	404	(29,752)
At 31 December 2024	(78,854)	23,741	167	(167)	(55,113)
Offset amount	20,358	(20,358)	(167)	167	–
	(58,496)	3,383	–	–	(55,113)
At 1 January 2025	(78,854)	23,741	167	(167)	(55,113)
(Credited)/charged to the consolidated income statement (Note 7(a))	(1,013)	(621)	(167)	167	(1,634)
At 31 December 2025	(79,867)	23,120	–	–	(56,747)
Offset amount	22,657	(22,657)	–	–	–
	(57,210)	463	–	–	(56,747)

	2025 RMB'000	2024 RMB'000
Represented by:		
Deferred tax assets	(57,210)	(58,496)
Deferred tax liabilities	463	3,383
	(56,747)	(55,113)

22 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION *(Continued)*

(b) Deferred tax assets not recognised

At 31 December 2025, in accordance with the accounting policy set out in note 2(r), the Company did not recognise deferred tax assets in respect of unused tax losses of RMB257,038,000 (2024: RMB244,309,000) and the Group did not recognise deferred tax assets in respect of unused tax losses of RMB852,911,000 (2024: RMB569,516,000), as it is not probable that future taxable profits against which the losses can be utilised will be available to the relevant tax entities. The tax losses of the Company do not expire under tax legislation. The remaining unrecognised tax losses of RMB590,432,000 will not expire until after 2026.

(c) Deferred tax liabilities not recognised

At 31 December 2025, no deferred tax liability was recognised on the taxable temporary differences in respect of the tax that would be payable on the distribution of the undistributed profits of certain subsidiaries of the Company amounting RMB977,401,000 (2024: RMB1,432,549,000), as the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that such profits will not be distributed in the foreseeable future.

According to the CIT Law and its implementation rules, non-PRC-resident enterprises are levied withholding tax at 10%, subject to any double tax treaty relief, on dividends from their PRC-resident investees for earnings accumulated beginning on 1 January 2008. According to the double tax treaty between the PRC and Singapore, the dividend withholding tax rate could be reduced to 5% provided that a Singapore parent company is the “beneficial owner” and holds directly at least 25% of the equity interest of a PRC company. Distributions of earnings generated prior to 1 January 2008 are exempt from such withholding tax.

23 DEFERRED INCOME

Deferred income of the Group mainly represents subsidies relating to the construction of property, plant and equipment, which would be recognised in other revenue on a straight-line basis over the expected useful life of the relevant assets.

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24 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital RMB'000 Note 24(c)	Translation reserve RMB'000 Note 24(d)(ii)	Retained profits RMB'000	Total equity RMB'000
At 1 January 2024	1,189,968	209,204	371,561	1,770,733
Loss for the year	–	–	(12,799)	(12,799)
Other comprehensive income	–	26,331	–	26,331
At 31 December 2024	1,189,968	235,535	358,762	1,784,265

	Share capital RMB'000 Note 24(c)	Translation reserve RMB'000 Note 24(d)(ii)	Retained profits RMB'000	Total equity RMB'000
At 1 January 2025	1,189,968	235,535	358,762	1,784,265
Loss for the year	–	–	(12,729)	(12,729)
Other comprehensive income	–	(39,472)	–	(39,472)
At 31 December 2025	1,189,968	196,063	346,033	1,732,064

(b) Dividends

There were no dividends payable to equity shareholders attributable to the previous financial year, and no dividends were approved and paid during 2025 and 2024.

(c) Share capital

	2025		2024	
	Number of shares	Amounts RMB'000	Number of shares	Amounts RMB'000
Ordinary shares issued and fully paid:				
At 1 January	782,192,189	1,189,968	782,192,189	1,189,968
Shares repurchased and cancelled	–	–	–	–
At 31 December	782,192,189	1,189,968	782,192,189	1,189,968

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(i) There were no shares issued by the Company during 2025 and 2024.

24 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(d) Nature and purpose of reserves

(i) Statutory reserves

Transfers from retained profits to statutory reserves are made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's PRC subsidiaries and were approved by the respective board of directors.

The subsidiaries in the PRC are required to appropriate 10% of its after-tax profit, as determined in accordance with the PRC accounting rules and regulations, to the general reserve fund until the statutory reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to equity owners.

The statutory reserve can be utilised to offset prior year's losses or converted into capital of the subsidiary.

(ii) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 2(u).

(iii) Other reserves

Other reserves are resulted from transactions with equity holders in their capacity as equity holders. The balance comprises capital reserve movements arising from difference between fair value of consideration paid and the net assets acquired in a business combination under common control or the amount by which the non-controlling interests are adjusted to reflect the changes in its interests in the subsidiary.

(iv) Distributable reserves

At 31 December 2025, the aggregate amount of reserves available for distribution to equity shareholders of the Company was RMB346,033,000 (2024: RMB358,762,000).

(v) Special reserves

According to relevant PRC rules and regulations, the Group is required to transfer an amount to specific reserve for the safety production fund based on the contract amount. The amount of safety production fund utilised would be transferred from the specific reserve back to retained profits.

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25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables and contract assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Group's exposure to credit risk arising from cash and cash equivalents and bills receivables is limited because the counterparties are banks and financial institutions with high credit standing, for which the Group considers having low credit risk.

The Group does not provide any guarantees which would expose the Group to credit risk.

In respect of trade receivables, other receivables and contract assets, individual credit evaluations are performed on all customers and debtors requiring credit over a certain amount. These evaluations focus on the customer's and debtor's past history of making payments when due and current ability to pay, and take into account information specific to the customer and debtor as well as pertaining to the economic environment in which the customer and debtor operates. The Group requires certain customers to pay deposits upfront and the remaining trade receivables are due within 1-180 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 31 December 2025, certain items of 0.1% (2024: 3.9%) and 5.0% (2024: 7.9%) of the total trade and other receivables and contract assets was due from the Group's largest customer and the five largest customers respectively.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets:

- (i) Analysis of contract assets for which credit loss allowance is provided on an individual basis:

	2025		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Contract assets with individual provision for bad debts	100.00%	94,153	(94,153)

Description of contract assets for which credit loss allowance is provided on an individual basis. The Group considered the reasonable and evidenced information (including forward-looking information) available in relation to the counterparty, assessed the expected credit losses and accrued loss allowance.

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)***(a) Credit risk** *(Continued)*

- (ii) Analysis of accounts receivable and contract assets for which credit loss allowance is provided on a portfolio basis:

Provision on portfolio basis:

	2025		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	4.08%	2,093,177	(85,298)
Less than 1 year past due	58.93%	197,889	(109,255)
More than 1 year but less than 2 years past due	69.81%	92,814	(70,207)
More than 2 years but less than 3 years past due	73.67%	38,088	(28,058)
More than 3 years past due	97.40%	147,619	(143,780)
		2,569,587	(436,598)

	2024		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	3.26%	2,620,943	(85,464)
Less than 1 year past due	51.71%	99,952	(51,686)
More than 1 year but less than 2 years past due	69.11%	40,318	(27,863)
More than 2 years but less than 3 years past due	74.89%	27,878	(20,877)
More than 3 years past due	98.65%	124,595	(122,916)
		2,913,686	(308,806)

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25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(a) Credit risk *(Continued)*

Movement in the loss allowance account in respect of trade receivables and contract assets during the year is as follows:

	2025 RMB'000	2024 RMB'000
Balance at 1 January	402,959	215,707
Amounts written-off during the year	–	–
Impairment losses recognised during the year	127,792	187,252
Balance at 31 December	530,751	402,959

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants of each company and its relationship with finance providers, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The Group's operations are project-focused and as such, liquidity requirements and cash flow positions are subject to fluctuations and market exposures. In assessing its liquidity risks, the Group considered their cash flows and projects within the next 12 months. At the date of issue of these financial statements, the management believes that the Group will be able to generate adequate cash flows to fund its operations and to meet its various obligations and undertakings issued. The Group's liquidity positions may be adversely affected if the management's expectations may not materialise as actual performance or if the execution of projects are affected by unanticipated development.

The following table details the remaining contractual maturities at the end of reporting periods of the Group's non-derivative financial liabilities, which are based on:

- contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the date the Group is contractually required to pay, or if the counterparty has the choice of when the amount should be paid (irrespective of the fulfilment of covenants), the earliest date the Group can be required to pay; and
- expected undiscounted cash flows provided to the Group's key management personnel and the date the Group is expected to pay, shown as adjustments to the contractual undiscounted cash flows if the timing and/or amount to the cash flows are expected to be different from the contractual undiscounted cash flows.

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)**(b) Liquidity risk** (Continued)

	2025				Balance sheet carrying amount RMB'000
	Undiscounted cash flow				
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 3 years RMB'000	Total RMB'000	
Trade and other payables measured at amortised costs	2,176,472	–	–	2,176,472	2,176,472
Loans and borrowings	290,847	19,206	42,009	352,062	325,075
Lease liabilities	469	469	–	938	892
	2,467,788	19,675	42,009	2,529,472	2,502,439

	2024				Balance sheet carrying amount RMB'000
	Undiscounted cash flow				
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 3 years RMB'000	Total RMB'000	
Trade and other payables measured at amortised costs	2,400,263	–	–	2,400,263	2,400,263
Loans and borrowings	312,660	8,514	37,570	358,744	347,580
Lease liabilities	944	–	–	944	921
	2,713,867	8,514	37,570	2,759,951	2,748,764

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25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from interest bearing long-term receivables, loans and borrowings that expose the Group to cash flow interest rate risk and fixed rates that expose the Group to fair value interest rate risk. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table, as reported to the management of the Group, details the interest rate risk profile of the Group's borrowings at the end of the reporting period:

	Notional amount	
	2025 RMB'000	2024 RMB'000
Fixed rate borrowings:		
Lease liabilities	892	921
Bank loans	179,146	144,168
	180,038	145,089
Variable rate borrowings:		
Bank loans	145,929	203,412
Less: interest bearing long-term receivables	–	54,222
	145,929	149,190

(ii) Sensitivity analysis

At 31 December 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately RMB1,232,000 (2024: decreased/increased RMB1,259,000).

The sensitivity analysis above relates to the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, and the impact on the Group's profit after tax (and retained profits) is estimated as an annualised impact on interest exposure or income of such a change in interest rates. The analysis is performed on the same basis for 2024.

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)***(d) Currency risk**

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions related. The currencies giving rise to this risk are primarily Singapore Dollars, Canadian Dollars, United States Dollars and Hong Kong Dollars.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	2025		
	Exposure to foreign currencies (expressed in RMB)		
	Singapore Dollars RMB'000	United States Dollars RMB'000	Hong Kong Dollars RMB'000
Trade and other receivables	373	8,640	–
Cash and cash equivalents	2,389	–	1,940
Trade and other payables	(178)	(646)	1,886
Net exposure arising from recognised assets and liabilities	2,584	7,994	3,826

	2024		
	Exposure to foreign currencies (expressed in RMB)		
	Singapore Dollars RMB'000	United States Dollars RMB'000	Hong Kong Dollars RMB'000
Trade and other receivables	364	17,179	–
Cash and cash equivalents	1,826	68	2,050
Trade and other payables	(1,009)	–	(3,025)
Net exposure arising from recognised assets and liabilities	1,181	17,247	(975)

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25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(d) Currency risk *(Continued)*

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise if foreign exchange rates to which the Group has significant exposure at the end of reporting period had changed at that date, assuming all other risk variables remained constant.

	2025		2024	
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits RMB'000	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits RMB'000
Singapore Dollars	5% (5)%	107 (107)	5% (5)%	49 (49)
United States Dollars	5% (5)%	340 (340)	5% (5)%	733 (733)
Hong Kong Dollars	5% (5)%	163 (163)	5% (5)%	(40) 40

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group's entities' profit after tax and retained profits measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2024.

(e) Fair values

(i) Financial assets and liabilities measured at fair value

There were no financial instruments measured at fair value at the end of the reporting periods.

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair value at 31 December 2025.

26 COMMITMENTS

Commitments outstanding at 31 December 2025 not provided for in the financial statements were as follows:

	2025 RMB'000	2024 RMB'000
Contracted for	94,615	196,380

27 MATERIAL RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

During the years ended 31 December 2025 and 2024, transactions with the following parties are considered as related party transactions:

Name of parties

THTF* (同方股份有限公司)

Tongfang Kawasaki Advanced Energy-saving Machine Co., Ltd.* (同方節能裝備有限公司)

Tsinghua Tongfang Artificial Environment Co., Ltd. * (“Tongfang Artificial”) (同方人工環境有限公司)

Beijing Tongfang Property Management Co., Ltd.* (北京同方物業管理有限公司)

NUCTECH Co., Ltd.* (同方威視技術股份有限公司)

Wuxi Tongfang Artificial Environment Co., Ltd.* (無錫同方人工環境有限公司)

Tongfang Industrial Co., Ltd.* (同方工業有限公司)

Beijing Tongfang Software Co., Ltd.* (北京同方軟件有限公司)

Tongfang Smart Energy Co., Ltd.* (同方智慧能源有限責任公司)

Resuccess Investments Limited

* The official name of these entities is in Chinese. The English translation of the name is for reference only.

THTF is the controlling shareholder of the Company, incorporated in the PRC and produces financial statements available for public use. Other related parties listed above are subsidiaries of THTF or CNNC.

(b) Material related party transactions

Particulars of material related party transactions during the years ended 31 December 2025 and 2024 are as follows:

	2025 RMB'000	2024 RMB'000
Sales to THTF and its subsidiaries	264,131	171,974
Purchases from THTF and its subsidiaries	79,970	96,157
Receipt for miscellaneous products and services from THTF and its subsidiaries	17,139	17,609
Provide miscellaneous products and services to THTF and its subsidiaries	6,217	–
Payments transferred by THTF to the Group	660,266	661,766
Payments transferred by the Group to THTF	490,315	513,686
Sales to CNNC and its subsidiaries	20,657	85,300
Purchases from CNNC and its subsidiaries	1,883	8,216

Other than the above related party transactions, certain trademarks are used by the Group in the PRC licensed by THTF at nil consideration.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025
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27 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Amounts due from/(to) related parties

At 31 December 2025 and 2024, the Group had the following material related party balances:

	2025 RMB'000	2024 RMB'000
Trade and other receivables due from THTF and its subsidiaries	244,750	163,874
Trade and other payables due to THTF and its subsidiaries	(118,176)	(113,077)
Trade and other receivables due from CNNC and its subsidiaries	19,328	34,534
Trade and other payables due to CNNC and its subsidiaries	(401)	(328)

(d) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's executive directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows:

	2025 RMB'000	2024 RMB'000
Short-term employee benefits	1,776	1,842

Total remuneration was included in "staff costs" (see note 6(b)).

- (e) The related party transactions in respect of sales, purchases, payments transferred by THTF to the Group, payments transferred by the Group to THTF, and receipts of miscellaneous products and services above constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the reports of the directors. The related party transaction in respect of financial assistance received from THTF constitutes a continuing connected transaction as defined in Chapter 14A of the Listing Rules, however, they are exempt from the disclosure requirements in Chapter 14A of the Listing Rules.

(f) Transactions with other state-controlled entities in the PRC

The controlling shareholder of the Company, THTF, is a state-controlled enterprise controlled by the PRC government. Apart from transactions with THTF and its subsidiaries and associate which were disclosed in note 27(a) above, the Group also has transactions with other state-controlled entities, included but not limited to the following:

- sales of products and provision of services;
- purchase of materials; and
- bank deposits and borrowings.

Notes to the Consolidated Financial Statements

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28 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	31 December 2025 RMB'000	31 December 2024 RMB'000
Non-current assets			
Property, plant and equipment		938	534
Intangible assets		–	4
Investments in subsidiaries		1,747,011	1,778,866
		1,747,949	1,779,404
Current assets			
Trade and other receivables		144	8,309
Cash and cash equivalents		7,381	19,826
		7,525	28,135
Current liabilities			
Trade and other payables		22,518	22,803
Lease liabilities		446	471
		22,964	23,274
Net current (liabilities)/assets		(15,439)	4,861
Non-current Total assets less current liabilities		1,732,510	1,784,265
Non-current liabilities			
Lease liabilities		446	–
		446	–
NET ASSETS		1,732,064	1,784,265
CAPITAL AND RESERVES			
	24		
Share capital		1,189,968	1,189,968
Reserves		542,096	594,297
TOTAL EQUITY		1,732,064	1,784,265

Approved and authorised for issue by the board of directors on 30 March 2026.

Han Tao
Zhao Xiaobo

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Directors

Notes to the Consolidated Financial Statements

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29 ACCOUNTING ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty

The Group believes the following material accounting policies involve the significant judgements and estimates used in the preparation of the financial statements.

Information about assumptions and estimation uncertainties that may have a significant risk of resulting in a material adjustment for the year ended 31 December 2025 are included in the following notes:

(i) Construction projects

As explained in policy note 2(t), revenue from construction projects are recognised over time. Such revenue and profit recognition on uncompleted projects is dependent on estimating the total outcome of the project, as well as the work done to date. Based on the Group's recent experience and the nature of the manufacturing and construction activities undertaken by the Group, the Group has made estimates of the point at which it considered the work was sufficiently advanced such that the outcome of the contract can be reasonably measured. Until this point is reached, the related contract assets disclosed in note 16 do not include profit which the Group might eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

(ii) Valuation of contract assets and trade receivables

The management measures loss allowances on contract assets and trade receivables at amounts equal to lifetime ECL using a provision matrix which involved significant management judgement in estimating loss rate and adjusting factors that are specific to the debtors and an assessment of both the current and forecast industries in which they operate at the reporting date.

(iii) Impairment losses of non-current assets

In considering the impairment losses that may be required for certain of the Group's assets which include property, plant and equipment, lease prepayments and intangible assets, recoverable amount of the asset needs to be determined. The recoverable amount is the greater of the fair value less costs to sell and the value in use. In determining the value in use, expected cash flow generated by the asset are discounted to their present value, which requires significant judgment relating to items such as level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as revenue and amount of operating costs.

29 ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

Information about other judgements made and estimates applied are included in the following notes:

(i) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and distribution expenses. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to changes in market conditions. Management reassesses these estimations at the end of the reporting period to ensure inventory is shown at the lower of cost and net realisable value.

(ii) Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. The management reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(iii) Income tax

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The management carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of these transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for deductible temporary differences and unused tax losses. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax liability was not recognised in respect of the withholding income tax that would be payable on the distribution of retained profits of the Company's subsidiaries as the Company considers that it is probable that such profits will not be distributed in the foreseeable future. Any changes in dividend policy may result in the recognition of the related deferred tax liabilities.

(iv) Development costs

Critical judgement by the Group's management is applied when deciding whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgements are based on the best information available at the end of the reporting period. In addition, all internal activities related to the research and development of new products is continuously monitored by the Group management.

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30 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7, Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to HKFRS 9 and HKFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19, Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HKAS 21, Translation to a hyperinflationary presentation currency	1 January 2027
Amendments to HKFRS 10 and HKAS 28, Sale or contribution of assets between an investor and its associate or joint venture	To be decided

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

HKFRS 18, *Presentation and disclosure in financial statements*

HKFRS 18 will replace HKAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt HKFRS 18 and is still in the process of assessing the impact of the adoption.