

CIMC 中集

ENRIC / 中集安瑞科

CIMC Enric Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 3899



H2•RENEWABLE ENERGY

fostering the future,
CONNECTING the world

ANNUAL REPORT 2025

Vision

To be an industry-leading high-tech enterprise in clean energy, chemical and environmental, and liquid food industries.

Mission

With the advancement technology and product innovation, we strive to make energy cleaner, the environment more sustainable, and our lives better. To provide high-quality and reliable equipment and comprehensive value-added services to customers, generate sound returns for shareholders and staff, and create sustainable value to the society.

About Us

Founded in 2004, CIMC Enric Holdings Limited, one of the members of the CIMC Group, has been listed on the Hong Kong Stock Exchange since 2005. Underpinned by a digitally empowered, integrated business model that synergises “key equipment, core processes and integrated services”, the Company provides end-to-end integrated solutions to facilitate the transition of traditional industries towards new energy with a focus on the clean energy, chemical and environmental and liquid food sectors. The Company holds industry-leading positions in onshore LNG and industrial gas cryogenic, high-pressure and medium-pressure storage and transportation equipment, as well as offshore LNG transfer and bunkering vessels and related engineering operations. Meanwhile, the Company has established a full-spectrum green fuel value chain including hydrogen, ammonia and methanol. The Company has built a global marketing network and has over 20 domestic and overseas subsidiaries located in China, Germany, the United Kingdom and Canada that operate production bases and advanced R&D centers.



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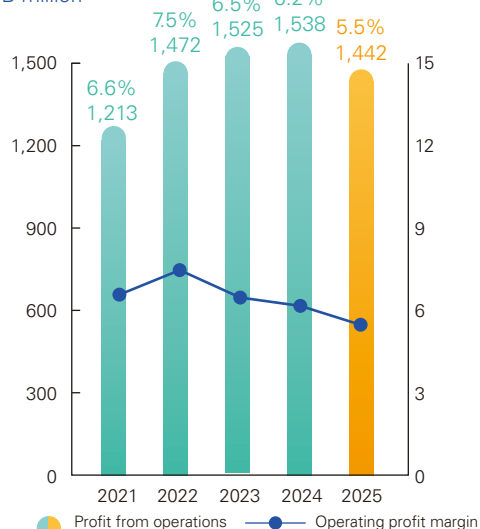
FIVE-YEAR FINANCIAL SUMMARY

For the year ended 31 December

	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	26,325,942	24,755,737	23,626,279	19,601,761	18,424,763
Profit from operations	1,441,644	1,538,446	1,524,827	1,472,288	1,212,559
Finance costs	(93,873)	(104,404)	(93,536)	(80,470)	(70,425)
Share of post-tax profit/(loss) of associates	45,008	9,880	25,997	6,484	(2,577)
Profit before taxation	1,392,779	1,443,922	1,457,288	1,398,302	1,139,557
Income tax expenses	(221,188)	(300,087)	(293,727)	(313,364)	(231,165)
Profit for the year	1,171,591	1,143,835	1,163,561	1,084,938	908,392
Attributable to:					
Equity shareholders of the Company	1,135,214	1,094,871	1,113,972	1,055,062	883,581
Non-controlling interests	36,377	48,964	49,589	29,876	24,811
Profit for the year	1,171,591	1,143,835	1,163,561	1,084,938	908,392
Earnings per share					
– Basic	RMB0.561	RMB0.542	RMB0.554	RMB0.528	RMB0.447
– Diluted	RMB0.555	RMB0.515	RMB0.499	RMB0.468	RMB0.428
Total Assets	32,181,887	29,381,665	27,587,424	22,214,474	19,024,673
Total Liabilities	(18,395,277)	(16,276,627)	(15,213,780)	(12,686,967)	(10,524,996)
Net Asset	13,786,610	13,105,038	12,373,644	9,527,507	8,499,677

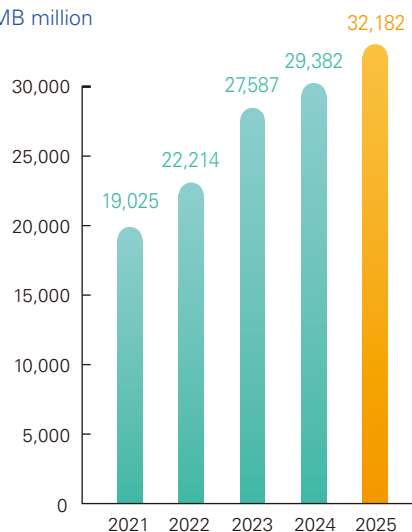
Profit from operations

RMB million



Total assets at 31 December

RMB million



FINANCIAL HIGHLIGHTS

As at 31 December

	2025 RMB'000	2024 RMB'000	ppt
FINANCIAL POSITION			
Total assets	32,181,887	29,381,665	9.5%
Net assets	13,786,610	13,105,038	5.2%
Net current assets	9,282,763	9,179,125	1.1%
Cash and cash equivalents	7,751,634	7,264,358	6.7%
Interest bearing debts ¹	3,494,951	2,985,861	17.1%
Gearing Ratio ²	25.4%	22.8%	2.6ppt

For the year ended 31 December

	2025 RMB'000	2024 RMB'000	
OPERATING RESULTS			
Revenue	26,325,942	24,755,737	6.3%
Gross profit	3,674,243	3,554,234	3.4%
EBITDA	1,988,814	2,018,950	(1.5%)
Profit from operations	1,441,644	1,538,446	(6.3%)
Profit attributable to equity shareholders	1,135,214	1,094,871	3.7%
PER SHARE DATA			
Earnings per share - Basic (RMB)	0.561	0.542	3.5%
Earnings per share - Diluted (RMB)	0.555	0.515	7.8%
Net asset value per share (RMB)	6.791	6.461	5.1%
KEY STATISTICS			
GP ratio	14.0%	14.4%	(0.4ppt)
EBITDA margin	7.6%	8.2%	(0.6ppt)
Operating profit margin	5.5%	6.2%	(0.7ppt)
Net profit margin ³	4.3%	4.4%	(0.1ppt)
Return on equity ⁴	9.6%	9.6%	–
Interest coverage - times	16.5	15.6	0.9
Cash conversion cycle day ⁵	19	29	(10)

Notes:

- ¹ Interest bearing debts = Bank loans, loans from related parties, medium-term and short-term notes and convertible bonds
- ² Gearing ratio = Interest bearing debts ÷ Total equity
- ³ Net profit margin = Profit attributable to equity shareholders ÷ Revenue
- ⁴ Return on equity = Profit attributable to equity shareholders ÷ Average shareholders' equity
- ⁵ Cash conversion cycle days* = Inventory turnover days + Debtor turnover days + Contract assets turnover days – Creditor turnover days – Contract liabilities turnover days

CHAIRMAN'S STATEMENT

Dear Shareholders, Investors, Partners and Colleagues,

2025 was a year of profound adjustments to the global energy landscape, set against the backdrop of accelerating transformations unseen in a century. In the face of a complex and ever-changing external environment, CIMC Enric has maintained its strategic focus on high-quality development. Leveraging our pioneering position in key equipment, core processes and integrated one-stop solutions for the clean energy industry, we not only achieved steady growth in our operating performance, but also made a breakthrough progress in emerging fields such as hydrogen, LNG and green methanol, the chemical and environmental and liquid food segments are also actively cultivating second growth engines, injecting powerful new momentum into the Group's long-term high-quality, sustainable development.

In 2025, CIMC Enric recorded a revenue of RMB26.33 billion and profit attributable to Shareholders of RMB1.14 billion. To better reward our Shareholders, the Board has recommended a final dividend of HK\$0.31 per Share, maintaining our extraordinary dividend payout ratio of 50%.

1. Strategic transformation driving high-quality growth

In 2025, the global energy transition moved from debate toward practical implementation, and the industry landscape has gradually taken shape through deep restructuring. Against this backdrop of both opportunity and challenge, CIMC Enric has remained anchored to our "3+2+N" strategic framework. Centered on "key equipment, core processes and integrated services" as our core business lines, we have stayed focused amid change while taking proactive steps in a competitive environment. Our entire team has worked with unified focus, advancing multiple strategic projects, continuously improving the hydrogen, LNG and green methanol ecosystems, and delivering comprehensive smart solutions for the clean energy transformation of traditional industries.

Over the past year, the Clean Energy Segment has continued to serve as a core growth driver. Guided by the resource side and driven by the application side, our end-to-end clean energy service capabilities have continued to strengthen. Our project regarding production of hydrogen and LNG from coke oven gas has become capable of scalable replication, and we currently have five projects in hand, including our first overseas coke oven gas comprehensive utilization project replicated in early 2026. The Group's first commercial-scale bio-methanol project officially commenced production in Zhanjiang, Guangdong province in December 2025, and we have already collaborated with both upstream and downstream partners across the industrial chain to advance the first green methanol bunkering operations in Shenzhen and Hong Kong. Both the Linggang Steel Project and the Zhanjiang Green Methanol Project, which commenced production this year, were delivered by CIMC Enric as turnkey solutions, demonstrating our evolution from pioneering development to mature execution of core processes. Additionally, we have developed a smart interconnection platform tailored to the Linggang Steel Project and launched our first digital carbon tracking platform for green methanol plants, accelerating the deep integration of digital intelligence with clean energy.

On the application front, we continued to promote the substitution of clean energy across land and maritime transportation. Our LNG bunkering vessels and marine fuel tanks maintained leading global market shares with a robust order backlog, with shipbuilding projects already scheduled through 2028. Our LNG tank swap model for inland waterways continued to advance, while our on-vehicle LNG cylinders business held a leading market share and supported our major customers in upgrading comprehensive refueling stations.

Notwithstanding the impact of industry volatility on the chemical and environmental and liquid food segments, the Group has responded proactively. In chemical and environmental, whilst consolidating its global market share in tank containers, the segment has forged ahead with strategic expansion into second growth engines, including medical equipment components, intelligent systems and core equipment for controlled nuclear fusion. The liquid food segment has steadfastly pursued a diversification strategy, achieving breakthroughs in emerging markets as well as in biopharmaceuticals, precision fermentation and non-alcoholic beverage solutions, whilst actively developing green brewing and low-carbon factory solutions to underpin long-term, high-quality growth.

2. Core technological breakthroughs leading the green transition

In 2025, the Group has remained driven by technological innovation, leaving a series of “CIMC Enric footprints” in the green energy equipment sector. During the period, we successfully delivered the nation’s first direct river-sea LNG swap-tank vessel, systematically addressing the equipment challenges of the green transition in inland waterway shipping. We also delivered the world’s first large-scale marine liquid ammonia fuel tank, providing core equipment for ammonia-fueled vessels and supporting the journey toward zero-carbon shipping. In the hydrogen sector, we improved our product portfolio across the entire hydrogen-ammonia-methanol value chain and achieved a number of breakthroughs, including the first application of the nation’s first cryogenic liquid ammonia transport vehicle in a green ammonia project, the successful deployment of the nation’s first 30MPa hydrogen transport vehicle, and the launch of the nation’s first 20-foot Type IV hydrogen tube bundle container (MEGC) and commercial on-board liquid hydrogen cylinders, all of which are driving the commercialization of critical links in the hydrogen industrial chain. Moreover, the Group has made breakthroughs in emerging fields such as commercial aerospace and distributed energy. In particular, our carbon-fiber-wrapped aluminum-lined cylinders passed the testing of our customers, and our upgraded low-carbon energy stations have been deployed in scenarios such as oil fields, zero-carbon industrial parks and island power generation. These achievements not only demonstrate CIMC Enric’s technological strength but also reinforce the Group’s global leadership position in clean energy equipment.

In 2025, CIMC Enric’s subsidiaries, namely CIMC SinoPacific Offshore & Engineering and CIMC Sanctum, were recognized as national-level “Little Giant” specialized and sophisticated enterprises. Another subsidiary, CIMC Safeway, was named a 5G Factory by the Ministry of Industry and Information Technology and successfully passed the recertification as a National Manufacturing Single Champion Demonstration Enterprise.

3. Outlook for 2026: uniting for a new journey, and moving steadily toward the future

Every milestone achieved by CIMC Enric is the result of the dedication and expertise of our people. On behalf of the Board, I would like to express my sincerest gratitude to our employees and partners around the world.

2026 marks the first year of China's "15th Five-Year Plan" and a pivotal year for the Group's strategic advancement. Looking ahead, the global trend toward green and low-carbon energy transition is irreversible, and the deep integration of artificial intelligence with advanced manufacturing will generate enormous opportunities. CIMC Enric will uphold our mission of "Providing Cleaner Energy, Sustainable Environment and Better Life". With clean energy at its core and a strategic framework anchored by chemical and environmental and liquid food as its two growth pillars, we will continue to strengthen our core business and increase market share and profitability in key equipment segments such as LNG, hydrogen and specialty gases. We will accelerate emerging growth sectors, focusing on zero-carbon energy sources including hydrogen, ammonia and methanol to achieve the deployment of cutting-edge products and demonstration projects. In line with the growing demand for clean fuels, we will drive the continued replication of strategic projects such as joint production of hydrogen, ammonia and methanol and LNG from coke oven gas, as well as green methanol projects. We will advance digital and intelligent empowerment by building smart factories, developing intelligent products, creating smart service platforms, and generating smart application scenarios, facilitating a generational leap in our manufacturing systems and business models. We will deepen our global footprint, seizing development opportunities arising from the global carbon neutrality and peak process, strengthen our overseas marketing and service networks, and serve global customers with high-quality green equipment, processes and solutions.

Looking back on 2025, CIMC Enric forged resilience through challenges. Looking ahead to 2026, the Group will break new ground through transformation. Guided by the goals of "premium technology, global operations and digital intelligence", with technological innovation as our engine and green, low-carbon development as our sail, we will move forward with determination to build CIMC Enric into a world-leading comprehensive provider of clean energy equipment and smart service solutions, and join hands to write a new chapter in our journey.

Gao Xiang
Chairman

Hong Kong, 24 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

CLEAN ENERGY SEGMENT

KEY EQUIPMENT

• Equipment for the “production, storage, transportation and application” of natural gas, hydrogen, ammonia and methanol



Natural gas/LNG equipment



Full value chain hydrogen energy equipment



Distributed low-carbon energy stations



Specialised gas equipment for commercial aviation, etc.

CORE PROCESSES

• Core Processes – Offshore



Small and medium liquefied gas carriers, LNG bunkering vessels and fuel tanks

• Core Processes – Onshore



Process design and turnkey contracting for coke oven gas comprehensive utilisation, green methanol and large-scale spherical tank projects

INTELLIGENT INTERCONNECTIVITY



Intelligent hardware



“End-to-end” intelligent platform



INTEGRATED SERVICES



Green methanol project



LNG and hydrogen-ammonia-methanol from coke oven gas project

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

Industry overview

According to multiple Natural Gas Market Reports released by the International Energy Agency (IEA) in 2025, the global natural gas market entered a period of adjustment in 2025 after resuming structural growth in 2024. Due to macroeconomic uncertainties and continuous tight supply situation in the first half of 2025, the growth in global natural gas demand slowed to less than 1% for the entire year. The growth impetus in 2025 temporarily shifted to Europe and North America, where the continuous development of AI fostered the increase in demand for natural gas power generation. However, with significant easing on the supply side, the market generally expects a strong rebound in global natural gas demand in 2026, with the growth rate expected to rise to approximately 2%. The Asia-Pacific region will become the main driving force, with demand growth expected to exceed 4%, accounting for half of the global increment. China's natural gas market underwent a profound structural reshaping in 2025, presenting a pattern of easing internal conditions amid external pressures that was distinctly different from 2024. According to the data from the National Development and Reform Commission and the National Bureau of Statistics, in 2025, the apparent consumption of natural gas in China was approximately 426.6 billion m³, with a year-on-year slight growth. The import volume of natural gas was 127.87 million tons, a slight year-on-year decrease of 2.9%. Among them, the import volume of LNG was 68.43 million tons, with a year-on-year decrease of 10.7%, accounting for 53.5% of the total natural gas imports. In 2025, natural gas consumption for transportation continued to maintain robust growth, with its share in total domestic LNG consumption surging to over 50%, reaching a historical high level for the first time, while growth in natural gas demand for industrial use slowed significantly. The average price of LNG in the domestic market shifted further downward in 2025, with the average price at approximately RMB4,300/ton for the year. The cost advantage of LNG over diesel remained the core driving force for downstream applications. In 2025, the sales of LNG heavy-duty trucks in China reached a new high of nearly 200,000 units, a year-on-year increase of 12%.

In 2025, the global shipping industry continued its green transformation and upgrading, despite policy uncertainties at the beginning of the year. According to the statistical data of Clarksons, among the total of 2,036 global new-build ship order volume in 2025, the order volume of alternative-fuel ships was 499, accounting for 37% of the total new-build ship orders in tonnage terms, slightly lower than 44% in 2024. Although the number and proportion of orders have declined, the investment value of alternative-fuel ships remained significant, with order value reaching US\$79.1 billion, representing 43.6% of total investment in new-build ships. Among the diversified alternative-fuel routes, LNG-powered ships continued to consolidate their market leadership position. In 2025, the order volume of LNG-powered ships in newly signed orders reached approximately 256, accounting for 80% of total new-build orders for alternative-fuel ships. In terms of order book, LNG-powered ships accounted for 34.3% of alternative-fuel ship orders by tonnage to approximately 1,010. Methanol-powered ships ranked second with its order volume in new shipbuilding orders reached approximately 66, and projects under construction with approximately 323 ships accounted for 8.3% in the alternative-fuel ship orders. By the end of 2025, the proportion of vessels that can use alternative fuels or propulsion systems in the global operating fleet increased to 9.4%, among which the number of LNG-powered vessels reached 1,560, accounting for more than half of the total 2,756 alternative-fuel ships. With the increase in the number of alternative-fuel ships in operation and orders, as well as the accelerated construction of LNG bunkering infrastructure, the LNG bunkering volume at major ports around the world hit a new record in 2025, and the number of ports providing LNG bunkering services continued to increase. Multi-fuel service capabilities, such as green methanol, were also being enhanced and refined. According to the annual report released by SEA-LNG, by the end of 2025, the number of dedicated LNG bunkering vessels had grown from "only 1 vessel" in 2016 to 62 in 2025, with additional 38 vessels on order, forming a global network centered on hubs including Rotterdam, Zeebrugge, Barcelona, Singapore, Shanghai and the East Coast of the United States.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

In the field of hydrogen energy, data from China Automotive Technology and Research Center Co., Ltd. (CATARC) showed that the sales volume of domestic fuel cell vehicles exceeded the 10,000-unit threshold for the first time in 2025, with annual domestic sales reaching 10,782 units, representing a year-on-year increase of 51.2%. According to incomplete statistics, by the end of 2025, the number of hydrogen refueling stations built nationwide approached 580, while renewable hydrogen production capacity exceeded 260,000 tons per annum. At present, China's hydrogen energy industry is at a critical juncture transitioning from "pilot exploration" to "large-scale breakthrough". The Energy Law of the People's Republic of China, which came into effect in January 2025, explicitly recognized hydrogen as an important form of energy and stated the commitment to "actively and orderly promote the development and utilization of hydrogen energy", laying a legal foundation for the industrial development. At the

policy level, the "Catalogue of Green Finance-supported Projects (2025 Edition)" jointly issued by the State Council and several ministries and commissions, was officially implemented in October 2025. For the first time, it provided a detailed definition for the scope of hydrogen energy infrastructure, offering a clear pathway for the entire "production, storage, transportation and utilization" value chain to access financial support such as green credit and the issuance of REITs. Furthermore, the recommendations for the 15th Five-Year Plan included hydrogen energy for the first time as one of six major future industries, alongside quantum technology, bio-manufacturing, nuclear fusion and brain-computer interfaces, positioning it as a "new economic growth point". This marks that during the 15th Five-Year Plan period, the hydrogen energy industry will usher in a systematic and substantive policy opportunity window, spanning from top-level design to specific financial instrument support.

Policies Related to Onshore Clean Energy

No.	Release time	Issuing authority	Policy name	Main content
1	February 2025	National Energy Administration	"Guidance on Energy Work in 2025"	Set annual targets: add more than 200 million kilowatts of new energy installed capacity, and increase the share of non-fossil energy consumption to approximately 20%. Propose to vigorously develop renewable energy, actively, safely and orderly develop nuclear power, and steadily develop renewable energy hydrogen production and hydrogen-based fuel industries.
2	April 2025	National Development and Reform Commission and National Energy Administration	"Guidance on Accelerating the Development of Virtual Power Plants"	Clarify the definition, scope and development objectives of virtual power plants. Encourage the aggregated distributed photovoltaic, energy storage, controllable loads and other resources to participate in electricity market transactions and provide ancillary services; establish technical standards and data security specifications for virtual power plants. Enhance demand-side absorption capacity for new energy through load aggregation, and smooth fluctuations in distributed energy resources.

MANAGEMENT DISCUSSION AND ANALYSIS – INDUSTRY OVERVIEW

CLEAN ENERGY SEGMENT

No.	Release time	Issuing authority	Policy name	Main content
3	April 2025	Ten departments including the Ministry of Transport	“Guidance on Promoting the Integrated Development of Transportation and Energy”	Coordinate the planning of highway, waterway and other transportation infrastructure with new energy deployment. Accelerate the construction of charging and battery swapping networks at expressway service areas, promote shore power and clean fuels at ports; promote the integration of “generation-grid-load-storage” in the transportation sector, encourage interaction between new energy vehicles and the power grid (V2G), and expand the proportion of green electricity consumption in transportation. Hydrogen energy industry-related aspects are also included.
4	August 2025	National Development and Reform Commission and National Energy Administration	“Special Action Plan for Large-scale Development of New Energy Storage (2025-2027)”	Set forth the objectives and tasks for the large-scale, industrial development of new energy storage from 2025 to 2027. Encourage independent energy storage to participate in electricity trading as independent market entities to improve storage utilization rates; focus on promoting “grid-forming” energy storage technologies capable of supporting the power grid; promote “storage+” integrated applications in multiple scenarios, and enhance the grid’s elastic adaptation capacity for new energy through large-scale deployment.
5	September 2025	National Development and Reform Commission and National Energy Administration	“Notice on Improving Price Mechanisms to Promote Local Consumption of New Energy Power Generation”	Improve pricing policies conducive to local consumption of new energy, further enrich peak-valley time-based electricity pricing mechanisms, and refine ancillary service pricing; clarify the allocation principles for transmission and distribution charges and standby fees for local consumption projects (microgrids, direct power supply, etc.), reducing the cost burden for local utilization of new energy; support integrated “generation-grid-load-storage” demonstration projects in exploring new models for autonomous negotiated pricing.

MANAGEMENT DISCUSSION AND ANALYSIS – INDUSTRY OVERVIEW CLEAN ENERGY SEGMENT

No.	Release time	Issuing authority	Policy name	Main content
6	September 2025	National Development and Reform Commission	“Administrative Measures for Central Budgetary Investment in Energy Conservation and Carbon Reduction”	This special fund supports key directions including energy conservation and carbon reduction in key industries, clean substitution of coal consumption, circular economy contributing to carbon reduction, low-carbon, zero-carbon and negative-carbon demonstrations, and foundational capacity building for carbon peaking and carbon neutrality. Among these, the low-carbon, zero-carbon and negative-carbon demonstration project direction involves hydrogen energy. The funding support standards are as follows: for energy conservation and carbon reduction projects in key industries, clean substitution of coal consumption projects, circular economy contributing to carbon reduction projects, and low-carbon, zero-carbon and negative-carbon demonstration projects, the support ratio is 20% of the approved total investment; for carbon peaking and carbon neutrality foundational capacity building projects invested by local governments, the support ratios for eastern, central, western and northeastern regions are 60%, 70%, 80% and 80% of the approved total investment respectively; projects related to central and state organs are, in principle, fully funded. In addition, central budgetary investment under this special fund shall be used for planned new commencement or ongoing projects with complete preliminary procedures and conditions for construction commencement, and shall not be used for completed projects (including trial operation).
7	October 2025	National Development and Reform Commission and National Energy Administration	“Regulatory Measures for Fair and Open Access to Oil and Gas Pipeline Facilities”	Administrative penalties are introduced for the first time, mandating fair and open access to oil and gas pipeline facilities for all eligible users (including private enterprises), so as to deepen oil and gas market reform.
8	October 2025	National Development and Reform Commission	“Administrative Measures for Planning, Construction and Operation of Oil and Natural Gas Infrastructure”	Strengthen the planning, construction, and operation management of oil and natural gas infrastructure, aiming to ensure supply security and serve the industry’s green and low-carbon transformation.

MANAGEMENT DISCUSSION AND ANALYSIS – INDUSTRY OVERVIEW

CLEAN ENERGY SEGMENT

No.	Release time	Issuing authority	Policy name	Main content
9	October 2025	National Energy Administration	"Guidance on Promoting the Integrated Development of Coal and New Energy"	Promote the integrated and coordinated operation of "coal power + new energy". Encourage the construction of large-scale photovoltaic bases in coal mining subsidence areas; support the implementation of flexibility retrofits for existing coal-fired units to enhance peak shaving support capacity for new energy; construct integrated wind-solar-thermal-storage energy bases, achieving complementary advantages between traditional and new energy sources, thereby improving the proportion of new energy consumption while ensuring power supply security ("using coal to safeguard power, using coal to promote new energy").
10	November 2025	Ministry of Ecology and Environment	"Notice on Issuing the Quota Total and Allocation Plan for the National Carbon Emission Trading Market for the Steel, Cement and Aluminium Smelting Industries for 2024 and 2025"	Formally incorporate the three energy-intensive industries including steel, cement, and electrolytic aluminium into the national carbon emission trading market. Clarify the total carbon emission quota and allocation methods (benchmarking approach) for the aforementioned industries for 2024 and 2025, setting industry benchmark levels and adjustment coefficients. This measure will substantially increase carbon costs for relevant enterprises, compelling them to increase green electricity consumption to offset emissions, thereby using market mechanisms to force energy-intensive industries to participate in the energy transition.

Policies Related to Offshore Clean Energy

No.	Release time	Issuing authority	Policy name	Main content
1	February 2025	Ministry of Transport	“Notice of the Ministry of Transport on Further Clarifying Matters Relating to the Application of Subsidy Policies for Scrapping and Renewal of Old Operating Vessels in the Transportation Sector” (Jiao Shui Han [2025] No. 75)”	Clarify that pure battery-powered vessels (excluding lead-acid batteries) fall within the scope of subsidized new energy vessels, requiring storage batteries as the sole propulsion power source, with standby generator sets for emergency power supply only. Applications for subsidies require inspection certificates bearing the corresponding markings, to be claimed in accordance with relevant regulations.
2	March 2025	Ministry of Transport	“Guidance of the Ministry of Transport and Nine Other Departments on Promoting the Integrated Development of Transportation and Energy” (Jiao Gui Hua Fa [2025] No. 42)	Support the development of electric vessels and other new energy vessels, promote the application of clean energy sources such as electricity for vessels, and explore containerized power bank sharing. Plan and construct vessel charging and battery swapping stations, formulate relevant standards, and establish pioneering zones for vessel electrification in areas such as the Danjiangkou Reservoir region and the Yangtze River Delta.
3	June 2024	Thirteen departments including the Ministry of Transport	“Notice on the Action Plan for Large-scale Equipment Upgrades in the Transportation Sector”	Explicitly propose to vigorously support the development of new energy and clean energy-powered transport vessels, and accelerate the research and development of vessel types powered by liquefied natural gas (LNG), methanol, hydrogen, ammonia and other fuels.

MANAGEMENT DISCUSSION AND ANALYSIS – INDUSTRY OVERVIEW

CLEAN ENERGY SEGMENT

No.	Release time	Issuing authority	Policy name	Main content
4	June 2025	The Ministry of Transport, Ministry of Industry and Information Technology, Ministry of Finance, Ministry of Natural Resources, Ministry of Ecology and Environment and Ministry of Water Resources	“Opinion on Promoting High-quality Development of Inland Waterway Shipping”	<p>Propose the development of new energy and clean energy vessels, exploring and promoting the application of hydrogen fuel cell power technology, encouraging the development of distributed energy, and constructing near-zero-carbon inland river terminals.</p> <p>Support the development of electric vessels, promote the application of battery power technology in small-to-medium sized, short-to-medium distance transport scenarios, encourage the large-scale promotion of regular and fixed routes for electric vessels, and simultaneously advance the construction of charging and battery swapping facilities and the formulation of standards, granting electric vessels priority in berthing, unberthing, and lock passage.</p>
5	January 2026	Ministry of Transport and National Development and Reform Commission	“Detailed Rules for the Implementation of Subsidies for the Scrapping and Upgrading of Old Operating Vessels in the Transportation Sector (Revised Edition)”	<p>Key New Provisions:</p> <p>Clarify the cap: subsidies for newly built inland vessels shall not exceed RMB40 million per vessel.</p> <p>Adjust technical coefficients: lower the power form coefficient for liquefied natural gas single-fuel vessels</p> <p>Add lock-up period: new energy vessels receiving subsidies shall not change their power form or reduce their substitution rate within 10 years</p>

MANAGEMENT DISCUSSION AND ANALYSIS – INDUSTRY OVERVIEW CLEAN ENERGY SEGMENT

Policies Related to Hydrogen Energy

No.	Release time	Issuing authority	Policy name	Main content
1	January 2025	The PRC government	“Energy Law of the People’s Republic of China” adopted on 8 November 2024, and in effect from 1 January 2025	For the first time at the legal level, hydrogen energy is explicitly incorporated into the energy management system, representing a fundamental transformation in the regulatory nature of hydrogen energy. This transformation has laid a solid institutional foundation for improving the hydrogen energy industry policy system, promoting technological innovation, constructing a green and low-carbon hydrogen energy supply system, coordinating infrastructure construction, and expanding diversified application scenarios.
2	January 2025	Ministry of Transport	“Transportation Standards Enhancement Action Plan (2024-2027)”	It is pointed out in the document that promoting the widespread application of new energy vehicles and accelerating the formulation of standards such as technical specifications for hydrogen road transportation would support the construction of a full industry chain standard system for hydrogen production, storage, transportation and utilization. In the list of key core standard projects under the Standards Plan, “Technical Specifications for Road Transportation of Hydrogen (including Liquid Hydrogen)” is included, with technical oversight assigned to the National Technical Committee on Road Transport Standardization.
3	February 2025	Eight departments including the Ministry of Industry and Information Technology	“Action Plan for High-quality Development of New Energy Storage Manufacturing Industry”	Propose “moderately advance the layout of hydrogen energy storage technology”, targeting the supply side of the energy storage industry, and propose to create a new type of energy storage product system with high safety, long lifespan and low cost by 2027. Focus on researching and developing cutting-edge technologies such as high safety batteries and all-solid-state batteries; establish a carbon footprint management system for the entire life cycle of energy storage equipment, improve product quality and safety, and lay a solid material foundation for energy storage as a regulatory support for new energy.

MANAGEMENT DISCUSSION AND ANALYSIS – INDUSTRY OVERVIEW

CLEAN ENERGY SEGMENT

No.	Release time	Issuing authority	Policy name	Main content
4	October 2025	National Development and Reform Commission	"Implementation Measures for Minimum Renewable Energy Consumption Targets and Renewable Energy Power Consumption Responsibility Weight System (Draft for Comments)"	This document incorporates green hydrogen, ammonia and methanol consumption into the assessment system for minimum renewable energy non-electric consumption for the first time. The document explicitly requires key energy-consuming industries to complete non-electric consumption targets through renewable energy hydrogen, ammonia and methanol production and other means, and establish monitoring, evaluation and assessment mechanisms, with measures such as admonitory talks and public notification for enterprises failing to meet standards.
5	October 2025	National Energy Administration	"Notice on Publicizing Hydrogen Energy Pilots in the Energy Sector (First Batch) "	Support 41 projects including Inner Mongolia Sheneng Otog Banner Wind-Solar Green Hydrogen Synthetic Ammonia Project and Hydrogen Energy Coupling Application, and 9 regions including Changchun, Songyuan and Baicheng in Jilin Province to carry out hydrogen energy pilot work in the energy sector, and publish the list for public notice.
6	October 2025	Directed by the Ministry of Industry and Information Technology, and compiled and revised by the China Society of Automotive Engineers	"Energy-saving and New Energy Vehicle Technology Roadmap 3.0"	In the hydrogen fuel cell vehicle section, the Technology Roadmap explicitly sets forth the overall targets: fleet size targets of over 500,000 units by 2030, over 1 million units by 2035, and over 4 million units by 2040.

MANAGEMENT DISCUSSION AND ANALYSIS – INDUSTRY OVERVIEW CLEAN ENERGY SEGMENT

No.	Release time	Issuing authority	Policy name	Main content
7	November 2025	National Development and Reform Commission and National Energy Administration	“Guidance on Promoting New Energy Consumption and Dispatch Control”	Guide the development and consumption of various categories of new energy (such as desert, Gobi and wasteland projects and hydro-wind-solar bases) in a classified manner, shifting from purely pursuing growth in installed capacity to emphasizing system consumption, multi-energy complementarity and industrial integration. Explicitly identify green hydrogen, ammonia and methanol (hydrogen-based energy) as an important breakthrough point for non-electric utilization of new energy and industrial coupling, supporting the construction of integrated industrial bases in regions with abundant wind and solar resources.
8	November 2025	National Energy Administration	“Guidance on Promoting Integrated Development of New Energy”	The core is to promote the shift of new energy from “individual combat” to integrated and convergent development, specifically proposing the steady construction of green hydrogen, ammonia and methanol (hydrogen-based energy) integrated industrial bases, and promoting their application in coal chemical, metallurgy, shipping and other sectors.
9	December 2025	National Development and Reform Commission	“Catalogue of Industries Encouraging Foreign Investment (2025 Edition)”	Clarify the main investment directions in the hydrogen energy field for the nation and each province.

MANAGEMENT DISCUSSION AND ANALYSIS – INDUSTRY OVERVIEW

CLEAN ENERGY SEGMENT

Business Review

Clean Energy

CIMC Enric is the only integrated services provider in China with a full industrial chain layout focusing on clean energy, providing customers with one-stop clean energy solutions of “key equipment, core processes, integrated services”. In the key equipment field, the segment specialises in the manufacture, sale and operation of various types of equipment for the storage, transportation, processing and distribution of natural gas (in the forms of liquefied natural gas (“LNG”) and compressed natural gas (“CNG”)), liquefied petroleum gas (“LPG”) and specialty industrial gases (such as helium and electronic specialty gas), and provides the full industrial chain equipment for hydrogen energy “production, storage, transportation, refuelling and utilisation”, such as high-pressure hydrogen trailers, hydrogen storage tanks, medium-pressure hydrogen storage spherical tanks, all the core equipment in the hydrogen refuelling stations, as well as liquid hydrogen transportation vehicles and storage tanks; in respect of the construction and upgrading of inland-waterway vessels, integrated solution capabilities have been developed for LNG marine & shore refuelling, LNG tank swapping and LNG/methanol fuel power packages. In the core process field, the segment provides services such as process design and turnkey project for the clean energy industry, covering turnkey project capabilities for green methanol facilities, hydrogen-ammonia-methanol and LNG from coke oven gas, LNG liquefaction plants, integrated energy stations, hydrogen storage spherical tanks and large-scale LNG storage tanks. It also engages in the design, construction and sale of small and medium liquefied gas carriers, LNG bunkering vessels, fuel tanks and supply systems for LNG-powered vessels, as well as floating LNG regasification modules and other deep-sea equipment, holding a leading market share globally. In the integrated services field, the segment has already established production capabilities in the clean energy field for hydrogen-ammonia-methanol and LNG from coke oven gas and biomass green methanol. At the same time, the segment is promoting the application of smart platforms, hardware and technologies such as new energy vehicle and vessel networking technologies in the clean energy industry chain, striving to create “one network on land” and “one network on water”, and further advancing the construction of an “end-to-end” integrated services ecosystem to realise the intelligent upgrade of the value chain.

Integrated Services

In 2025, the Group firmly advanced its transformation goal of becoming a technology-based, integrated energy service provider of low-carbon intelligent solutions, while actively expanding its presence in upstream clean energy resources, including the production of LNG, blue hydrogen, blue ammonia and green methanol and other diversified clean energy, further enhancing its “end-to-end” green business ecosystem.

In terms of the production of hydrogen and LNG from coke oven gas business, the Group’s first implemented project, the Anji project, has delivered outstanding operational performance since commencing operations in September 2024. In 2025, LNG has achieved full-capacity production and sales, and the Group collaborated with its partners to promote the formation of the “end-to-end” closed-loop and large-scale application of the hydrogen energy industry chain in the neighbouring areas. The second project replicated in this field, the Linggang Steel project, successfully completed equipment installation by the end of May 2025 and commenced trial production in July, achieving the capability for mass production of LNG and blue ammonia. The project officially commenced operations in November and is expected to reach an annual full-capacity production of 140,000 tons of LNG and 73,000 tons of blue ammonia, becoming the first project to achieve 100% conversion of coke oven gas in China. Through the efficient and integrated utilisation of coke oven gas, the project is expected to reduce emissions by 400,000 tons of carbon dioxide, 226 tons of sulphur dioxide and 1,747 tons of nitrogen oxides per year, contributing to China’s “dual carbon” goals and energy transition objectives. Notably, the Linggang Steel project was delivered with a turnkey solution provided by CIMC Enric Engineering Technology Co., Ltd. (“CET”), a subsidiary of CIMC Enric, covering the project’s core process design as well as overall installation and construction. The total project duration was only 10 months, breaking the industry record. Key equipment used in the Linggang Steel project, including LNG storage tanks, was also provided by CIMC Enric. In addition, the project adopted an intelligent interconnected digital platform independently developed by the Group, leveraging next-generation digital technologies such as artificial intelligence, the Internet of Things and cloud computing. The platform

integrates data across the entire process from energy production, storage and transportation to integrated energy services for customers, and through end-to-end data collection from intelligent equipment, enables full life-cycle carbon management. The third coke oven gas integrated utilisation project, the Shougang Shuigang project, progressed smoothly during the year, and the Group also successfully signed a contract for the fourth project, Phase II of the Linggang Steel project during the year.

In terms of green methanol integrated service projects, the Group's first mass-production biomass green methanol project has obtained the ISCC EU green certification across the entire value chain, covering the raw material sourcing, methanol production facilities and subsequent trading and storage operations. The project was officially put into operation in Zhanjiang, Guangdong on 16 December 2025. Upon reaching full capacity in the first phase, the project has an annual production capacity of 50,000 tons. It is the first biomass methanol project in China to achieve mass production and also the globally first commercial project to realise full-system greenhouse gas emission reduction through carbon capture and recycling (CCR) technology. The project is also supported by the Group through the provision of core equipment and turnkey project construction, and has established the first green methanol supply chain ecosystem covering "production – storage – transportation – utilisation" in South China. During the period, the Group signed strategic cooperation agreements with customers across multiple sectors, including shipping, fuel bunkering and biopharmaceuticals, to promote the development of green methanol bunkering ecosystems, while achieving batch deliveries of products and contributing to the integrated development of global green shipping, green chemicals and biopharmaceuticals.

Onshore Clean Energy Business

CIMC Enric is the only comprehensive service provider in China with a full industrial chain layout focusing on clean energy, providing one-stop system solutions for LNG, LPG, CNG and specialty industrial gases (helium, electronic specialty gas, etc.). Having been highly recognised by our customers, we are one of those with the highest market share in all product lines. In 2025, despite the apparent natural gas consumption in China remaining largely flat year-on-year and a decline in LNG imports, the Group's onshore clean energy business as a whole remained stable, with further enhanced profitability, benefiting from its well-established business layout, solid customer base and continued breakthroughs in overseas markets.

In the key equipment field, the Group continued to consolidate its leading position in the market by precisely seizing opportunities arising from the growth in natural gas applications across sectors such as transportation and power generation, while actively exploring emerging growth opportunities for specialty industrial gas equipment in high-tech industries including commercial aerospace and semiconductors.

MANAGEMENT DISCUSSION AND ANALYSIS – INDUSTRY OVERVIEW

CLEAN ENERGY SEGMENT

In 2025, driven by a significant price spread between LNG and diesel, with the gas-to-diesel price ratio remaining at a low level of 0.6, coupled with the implementation of government subsidy policies for trade-ins of LNG heavy-duty trucks and inland waterway vessels, the Group experienced robust demand for its terminal application equipment such as LNG on-vehicle cylinders and LNG power packages for inland ships. In 2025, the sales of LNG on-vehicle cylinders of the Group reached a record high, generating a revenue of RMB1.2 billion, representing a year-on-year increase of 5%, with new orders totaling approximately RMB1.4 billion, representing a year-on-year increase of 13%. The Group delivered bulk orders of LNG power packages to inland waterway vessels throughout the year, achieving record highs in both related revenue and orders. With the continuous expansion of LNG in the transportation sector, the “Big Three” oil companies (Sinopec, CNPC and CNOOC) and large-scale energy companies have accelerated the deployment of LNG refuelling stations and integrated energy stations, vigorously driving demand for the Group’s refuelling stations, LNG storage tanks, LNG trailers and other related equipment. During the period, the Group signed a strategic cooperation agreement with Sinopec to deepen collaboration in four key areas: natural gas resource synergy, intelligent energy digitalisation, Easy Joy ecosystem interoperability and joint expansion in overseas markets, thereby further solidifying the foundation for business development.

In the field of natural gas power generation, the Group continuously iterates and upgrades its modularised intelligent low-carbon energy station products, focusing on the SL Blue Sky Series and the AM Amethyst Series, and provides a one-stop comprehensive solution of “equipment + services” for both domestic and foreign customers, offering “LNG storage tanks/LNG tank containers + low-carbon energy station combined cooling, heating and power supply”. In 2025, the Group secured commercial orders across various scenarios, including oilfields, industrial waste gas power generation, overseas industrial parks, urban gas comprehensive energy and island power generation. Key achievements include: supplying 20 units of the AM1200 Gas Distributed Energy Station products to CNPC Daqing Drilling Plant to provide power generation service for its fracturing sites; providing a natural gas power generation solution for oil wells in the Daqing Gulong Continental Shale Oil National Demonstration Zone, which generated power of over 1.5 million kWh cumulatively throughout the year, representing a power generation capacity of 3.1 kWh per cubic meter of gas, with a comprehensive power generation efficiency exceeding the industry average by 10%; providing a set of LNG storage tank + LNG vaporizer skid + AM1200 to meet the power demands of a food industrial park in Nigeria; securing bulk foreign orders for its SL1500 low-carbon energy station product; and implementing a comprehensive energy demonstration project through a strategic cooperation with Towngas China.

In the commercial aviation field, the Group has fostered in-depth cooperation with renowned domestic and international aviation companies and launch sites for years. In 2025, the Group successfully delivered specialised cryogenic and high-pressure storage equipment, including liquid oxygen tanks, liquid nitrogen tanks, methane tanks, high-pressure nitrogen tube bundles and high-pressure helium storage cylinder sets, to domestically and internationally renowned aviation companies in Hainan, Jiuquan, North America and other regions. The Group generated revenue of nearly RMB0.1 billion, with overseas markets accounting for 50% of the total. The Group also achieved breakthroughs in the research and development of rocket equipment, and delivered samples of carbon fiber winding high-pressure bottles to customers for testing during the period, which are expected to be applied in the fuel-boosting stages of rocket launches.

In the core process field, benefiting from the engagement of the core team of Beijing Zhongliansheng (北京眾聯盛), an engineering design expert, the Group has enhanced the core process and engineering capabilities of natural gas and hydrogen-ammonia-methanol production, and successfully constructed and delivered the Linggang Steel project and Guangdong Zhanjiang green methanol project during the period, laying a solid foundation for the replication of coke oven gas comprehensive utilization project, green methanol turnkey project and new project expansions in this field. During the reporting period, the Group also signed strategic cooperation agreements with Datang Hainan (大唐海南) to jointly implement the green methanol project in Danzhou, Hainan.

In the foreign operations field, during the reporting period, the Group's sales revenue of high-end cryogenic equipment achieved robust year-on-year growth. Additionally, the Group also continued to deepen its presence in countries and regions along the "Belt and Road" initiative, securing multiple orders for spherical tanks and large cryogenic tanks from leading enterprises in the Middle East, Africa, South America and other regions, further demonstrating the Group's strength in its global business operations. During the period, the new overseas orders for onshore clean energy increased to RMB2.6 billion year-on-year, while the overseas business from onshore clean energy achieved revenue of RMB2.2 billion, remaining at a historically high level.

Offshore Clean Energy Business

The Group has proprietary capabilities in the design, construction and project management of LNG marine liquid cargo tanks, fuel tanks and complete vessels. It is a world leader in the niche market of the small and medium-sized liquefied gas vessels with the top-ranking global market share, offering a product chain that covers full pressurised, semi-refrigerated & semi-pressurised carriers for various liquefied gases such as LPG, ethane, LEG, LNG and liquid ammonia, as well as LNG bunkering vessels. In 2025, CIMC Sinopacific Offshore & Engineering, a subsidiary of the Group, further received the certification of the national-level key specialized, sophisticated, and innovative "Little Giant" enterprise by leveraging its professional and refined advantages in high-end ship design and green shipbuilding technology. It was the only company in Jiangsu Province to obtain such honor for its small and medium-sized LNG ship products.

During the period under review, the demand for LNG and other alternative fuels for vessels remained strong, driving robust demand for LNG bunkering vessels. Leveraging its leading global market position in segments such as LNG marine fuel tanks and LNG bunkering vessels, the Group's offshore clean energy business achieved cumulative new orders exceeding RMB10 billion in 2025, with the backlog orders exceeding RMB19 billion by the end of 2025.

In 2025, the Group signed a total of 24 new shipbuilding orders, including 7 LNG bunkering vessels and 2+2 of the world's largest 51,000m³ LPG/liquid ammonia carriers with overseas shipowners in Europe and Singapore. This further solidified its market share in the global liquefied gas carrier and LNG bunkering vessel market. The Group's shipyard production efficiency was further improved, with 16 vessels delivered during the year.

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CLEAN ENERGY SEGMENT

With the increase in global orders for LNG-powered vessels, the demand for Type-C fuel tanks and fuel gas supply systems (FGSS) increased accordingly, and the Group was further expanding its capacity for vessel and marine fuel tank construction. In addition, during the period, the Group acquired Youqi Environmental Engineering (Shanghai) Co., Ltd., significantly enhancing its capabilities in the process design and construction of gas supply systems and liquid cargo systems, and further strengthening the Group's core competitiveness in the field of liquefied gas vessels. In 2025, the Group's offshore clean energy business achieved revenue of RMB6.4 billion, a record high, representing a year-on-year increase of 37.6%.

Hydrogen Energy Business

The Group is a leading provider of hydrogen storage and transportation equipment and engineering services in China. Since 2006, the Group has commenced the hydrogen energy business with products covering various areas such as "production, storage, transportation, refuelling and application". As an international leading supplier of hydrogen energy equipment and solutions, the Group continued to expand its layout and development in the hydrogen energy industry during the year, and made continuous improvement to its capability of integrated solutions.

In terms of hydrogen production, leveraging the Angang project, the Group has successfully replicated and implemented its comprehensive coke oven gas utilization business model. Currently, it has five projects in hand, with the second, Linggang project, officially commencing production during the period, and the third, Shougang Shuigang project, progressing smoothly under construction. In addition, we successfully signed the second phase of the Linggang project and our first overseas project, and successfully created an "end-to-end" green industrial ecosystem with our steel plant partners, from hydrogen source to storage, transportation, refuelling and application. In addition, in the manufacturing of key equipment for hydrogen production, the Group's independently developed and manufactured Balance of Plant (BoP) for water electrolysis hydrogen production has made significant breakthroughs in market expansion, with multiple models successfully obtaining EU certification and products being exported to Europe in batches.

In the storage and transportation business, high-pressure hydrogen storage and transportation equipment continued to lead the development trend in the industry, with market share further consolidated and increased. The Group's second-generation 30MPa high-pressure hydrogen tubular container has been shipped in batches, driving continuous cost reduction and efficiency improvement in hydrogen storage and transportation. Regarding medium-pressure ammonia-hydrogen spherical tanks, the Group's performance continued to grow in 2025. During the period, the Group delivered a complete set of hydrogen storage equipment to the first phase of the China Energy Engineering Corporation's "HyFlow (青氫一號)" Songyuan Project, the world's largest integrated green hydrogen, ammonia and methanol project. The equipment comprised 15 hydrogen spherical tanks and 8 sets of compressor buffer tanks, which helped the project to be put into operation smoothly during the period. The Group gained high recognition from customers for its efficient and high-quality delivery. In the area of liquid hydrogen storage and transportation, the Group delivered the first domestic liquid hydrogen spherical tank for key national projects, which successfully passed expert review and acceptance, contributing to the successful demonstration of the first domestic civilian liquid hydrogen full-industry chain project. The Group also participated in the drafting of the national standards "Hydrogen Storage and Transportation Systems Part 5: Technical Requirements for Hydrogen Transportation Systems" and the Ministry of Transport's industry standards "Technical Specifications for Road Transportation of Hydrogen (including Liquid Hydrogen)", both of which had been approved.

In terms of end-user applications, the liquid hydrogen vehicle-mounted cylinder has completed performance tests, with all core indicators reaching advanced levels in the industry. It has also been selected for the list of “Three Firsts and Two New (三首兩新)” technology products certified in Jiangsu Province in 2025. The rollout of the liquid hydrogen vehicle-mounted cylinder also marked that the Group has formed a product matrix covering the entire liquid hydrogen storage and transportation chain. The Type-IV high-pressure vehicle-mounted hydrogen storage cylinder manufactured by the joint venture CIMC Hexagon has successfully passed the Transportable Pressure Equipment Directive (TPED) certification, and more than 800 cylinders have been exported to Europe and other regions during the year. In terms of on-board hydrogen supply systems, keeping pace with the construction of demonstration city clusters, a total of over 700 on-board hydrogen supply systems have been provided for the Greater Bay Area hydrogen energy demonstration city cluster by 2025. Meanwhile, efforts were being made to further accelerate the expansion of hydrogen supply systems into innovative fields such as rail trains, ships and drones. Regarding hydrogen refueling stations, the Group won bids for projects such as the CRRC Changchun Railway Vehicles 35/70 MPa hydrogen refuelling station and the Qingyang Jinrui new energy integrated energy service station. In line with the development trend of the hydrogen energy industry, the Group was actively carrying out research and planning for liquid hydrogen stations.

Future Plans and Strategies

The global energy transition toward green and low-carbon development has entered an irreversible “critical decade”. With the official inclusion of hydrogen energy in the energy management system under the Energy Law of the People’s Republic of China in 2025, and the gradual implementation of global decarbonization rules for shipping, the development paradigm of clean energy is shifting from a single policy-driven approach to a new three-wheel driven stage of “policy, economy and technology”. Looking ahead to 2026 and beyond, the global energy landscape will show an accelerating trend of differentiation and integration, bringing unprecedented strategic opportunities for the Group.

The global natural gas market is transitioning from a “transitional fuel” to a “long-term partner”, ushering in a new balance between supply and demand. After slowing growth in 2025, the global natural gas market is poised for a new wave of expansion. The IEA report projects that the global natural gas market will experience accelerated growth by 2026, with demand growth expected to reach a historic high of around 2%. This expansion will be primarily driven by the industrial and energy sectors, with gas-fired power generation projected to account for 30% of the global demand increase in 2026. In the field of liquefied natural gas, starting from 2026, with the concentrated production of projects in the United States, Canada, Qatar and other places, it is expected that the global LNG supply growth rate will reach 7%, marking the highest level since 2019, which will significantly ease the market tightness observed in recent years. The direct effect of loose supply is the rational return of prices. As predicted by BloombergNEF, by 2030, spot LNG prices in Asia may further decline to a level sufficient for large-scale substitution of industrial fuel oil, thereby releasing the huge industrial and electricity demand in China, South Asia and Southeast Asia. In addition, the demand for natural gas in the transportation sector remains robust, and the National VII Emission Standard has been fully implemented in January 2026, imposing the strictest-ever requirements for nitrogen oxide and particulate matter emissions from heavy-duty commercial vehicles, which will further promote the replacement of diesel heavy-duty trucks. With the recovery of the economy and the restoration of price sensitivity, the long-term growth curve of China’s natural gas consumption has not changed, and the proportion of primary energy consumption is expected to continue to increase.

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CLEAN ENERGY SEGMENT

Hydrogen energy and green liquid fuels are transitioning from strategic planning to full industrial chain integration. Hydrogen energy and its derivative green fuels are undergoing a critical leap from “concept verification” to “large-scale application”. Industry projections indicate that, against the backdrop of the global energy transition, hydrogen demand will account for 13% of total global energy consumption by 2050. In 2025, China achieved a milestone breakthrough in policy support for the hydrogen energy sector, and the National Energy Administration has announced the first batch of 41 hydrogen energy pilot projects, covering the entire industry chain of production, storage, transportation and utilization, marking the deepening stage of scenario-based and commercial development of hydrogen. Green methanol is expected to develop from a single pilot project to industrial clustering with the deepening of the layout of Chinese enterprises. At the same time, China encourages the large-scale substitution of low carbon hydrogen for high carbon hydrogen in the fields of synthetic ammonia, synthetic methanol and steel. In conjunction with the “Opinions on Promoting High-Quality Development of Inland Waterway Transportation” jointly issued by the Ministry of Transport and other ministries, China has clearly proposed to promote the application of power technologies such as methanol and hydrogen in the field of ships, providing strong policy support for the pilot operation of green hydrogen-based ammonia and methanol in industry, transportation (maritime and aviation) and other fields.

In addition, IMO’s decarbonization goals are profoundly reshaping the global shipping industry landscape, with alternative fuel power entering a phase of substantial growth while green upgrades in inland waterways are accelerating simultaneously. DNV forecasts that growth in LNG-powered vessel orders will increase market demand for this fuel in the shipping industry to over 16 million tons by 2030 to achieve the goal of 5-10% zero/near-zero emission fuels by 2030. More noteworthy is the accelerated improvement of LNG bunkering infrastructure. Currently, the global fleet of operational and under-construction bunkering vessels has reached 116 units, and it is expected that the market demand will reach 198 vessels by 2030, indicating a significant gap. This provides long-term opportunities for the Group’s small and medium-sized liquefied gas carriers and LNG bunkering vessel business. In the domestic market, the Ministry of Transport has clearly stated that the proportion of new energy and clean energy applications in newly built vessels will be further increased by 2030, and the mainstream position of LNG and methanol power in medium and large vessels and medium to long-distance transportation scenarios has been established at the policy level. According to research by the Water Transport Research Institute of the Ministry of Transport, carbon emissions from China’s inland waterway shipping could be reduced by nearly 25% by 2030 through the combined effects of cleaner energy, improved energy efficiency, and optimised freight structure. The achievement of this goal depends not only on the improvement of ship power systems, but also on the development of the infrastructure of the “one network on water” from fuel production, storage and transportation to refueling.

In the face of market changes in 2026 and beyond, the Group will continue to deepen its strategic transformation from “equipment + core processes” services to a “comprehensive service provider” for clean energy, accurately grasping the window period of global energy landscape adjustment. The Group will leverage its expertise in the smart equipment manufacturing, engineering services, and integrated solutions for renewable energy sources such as natural gas, hydrogen energy, green methanol and green ammonia, so as to help our domestic and foreign customers to smoothly achieve low-carbon transformation. Through continuous technological research and innovation, we aim to promote the large scale application of clean energy in a faster, more efficient and safer way.

In terms of key equipment and core processes, the Group will bolster its research and development capabilities to maintain its leading position in the markets for LNG, high-pressure gaseous hydrogen, liquid hydrogen, liquid ammonia and methanol storage and transportation sectors. The Group will also proactively explore emerging business areas such as energy storage. In addition, the Group will actively pursue application of specialty industrial gases in cutting-edge technological fields such as semiconductors and commercial aerospace, while promoting the ongoing research and development and commercialization of rocket-mounted equipment. At the upstream resource end, the Group will capitalise on favorable policies in the hydrogen and clean energy sectors during the China’s 15th Five-Year Plan period to accelerate the replication and implementation of strategic projects such as joint production of hydrogen and LNG from coke oven gas and biomass green methanol. While deepening its production capacity layout, the Group will strengthen its turnkey capabilities for project engineering related to hydrogen production from coke oven gas, methanol, and synthetic ammonia and pursue new project expansion. For downstream application, the Group will continue to focus on green upgrades in the transportation field, supporting the application of LNG heavy-duty trucks and hydrogen fuel cell vehicles in the transportation sector. The Group will also accelerate the development of distributed energy integrated services and expand into diversified application scenarios, helping customers in industries such as manufacturing, construction and agriculture to reduce carbon emissions and save energy, thus accelerating the decarbonisation process. In addition, the Group will also drive the development and platform construction of smart energy equipment, creating “one network on land” and “one network on water” and connecting clean energy equipment to achieve digital and intelligent management, and fostering new energy internet business models.

MANAGEMENT DISCUSSION AND ANALYSIS – INDUSTRY OVERVIEW

CLEAN ENERGY SEGMENT

The Group will also actively optimise its global delivery network for LNG, hydrogen-ammonia-methanol and specialty industrial gas storage and transportation equipment and core processes to enhance its overseas sales network and engineering business matrix, vigorously expanding market opportunities in Africa, Southeast Asia, the Americas, Europe and the Middle East.

In summary, the year 2026 will be a pivotal year for global energy transition. Leveraging its deep expertise in key equipment, core processes and project engineering, the Group will empower global clients to navigate the low-carbon transition steadily and sustainably through a more diversified and resilient business portfolio, enabling them to fully seize the historic development opportunities presented by the profound global energy transformation.

Research and Development

CIMC Enric has been continuously leading the R&D breakthroughs in the clean energy field. With its leading technological strength, it promotes the application and development of clean energy. In 2025, the Group won 1 provincial-level scientific and technological progress award. As of the end of 2025, the number of patents owned by the Group and the number of standards it participated in revising are as follows:

Domestic and International Patents

There are more than 1,500 domestic authorized patents, among which more than 410 are invention patents. There are 38 PCT international patent applications, 81 foreign patent applications, and 36 of them have been authorized. There are over 900 authorized patents related to clean energy, among which 100 are authorized patents related to hydrogen energy.

Standard Formulation

The Group has chaired or participated in the revision of 57 national standards, and 98 local, industrial and group standards. Among the national standards, 49 are related to clean energy, including 12 related to hydrogen energy. Among the local, industrial and group standards, 89 are related to clean energy, including 43 related to hydrogen energy.

In 2025, the Group continued to conduct new product R&D in the field of clean energy equipment and completed the development of a number of new products. Some R&D projects have made breakthrough progress. At the same time, it participated in standard formulation many times to promote the development of the industry, including:

1. R&D of Large LPG Mounded Storage Tanks: Completed the development, manufacturing and station construction of four 4,500m³ mounded storage tanks, which are now in normal operation. As the Company's first European mounded tank project, it showcases achievements in the exploration of new energy storage equipment and solidifies the foundation for entering the international high-end energy equipment market.
2. R&D of Energy Storage Solutions: In a CO₂ energy storage demonstration, the Company successfully delivered the first batch of energy storage equipment for the world's largest CO₂ energy storage power station project. This marks another breakthrough in the technology of thermal and gas storage equipment related to compressed CO₂ energy storage.
3. R&D of Marine Liquid Ammonia Fuel Tanks: Successfully loaded and delivered a 3,000m³ liquid ammonia fuel tank, the first large-scale marine liquid ammonia fuel storage equipment globally to be designed, built and delivered. This signifies a historic breakthrough in the manufacturing of key equipment for clean energy vessels.
4. Implementation of Waterborne Clean Energy LNG Swap Model: The Changhang Project completed an expert review meeting for the LNG swap operation procedures and a time acceptance test for the swap operation at Nantong Port. Additionally, the first LNG vessel swap and refueling pilot project along the Jiangsu Yangtze River was launched in Nantong.

5. **Inland Methanol-Powered Vessels:** The construction of Guangdong's first CCS-classed inland methanol-powered vessels commenced. Utilizing independently developed core technologies across the entire chain, from methanol supply systems to safety systems, these vessels successfully fill the technological gap for new energy power in Guangdong's inland container vessels.
 6. **R&D of Low-Carbon Energy Stations:** The SL series of integrated energy stations have demonstrated their effectiveness, enabling distributed power generation and combined cooling, heating and power (CCHP) with alternative energies such as natural gas. The SL1500 natural gas unit has been successfully put into operation and is running stably in Shanghai Hongqiao Business District. Meanwhile, the SL1000 hydrogen-rich tail gas power generation project has been successfully applied in the carbon fiber industry, continuously driving the development of low-carbon and green energy solutions.
- To promote sustainable and healthy development, the Group has actively expanded development projects in the new energy field and made significant progress in the fields of Hydrogen-Ammonia-Methanol Technology R&D, including:
1. **Liquid Hydrogen Equipment:**
 1. **Acceptance of Liquid Hydrogen Spheres:** The national key R&D project was successfully reviewed and accepted by specialists. The delivered liquid hydrogen spheres and other commercial liquid hydrogen storage and transportation equipment have facilitated the successful demonstration of China's first full industrial chain project for civilian liquid hydrogen;
 2. **R&D of Liquid Hydrogen On-Board Cylinders:** Performance testing of liquid hydrogen on-board cylinders has been completed, with all core indicators reaching industry-leading levels. A full-chain product matrix for liquid hydrogen storage and transportation (spheres, storage tanks, tank trucks, tank containers and on-board cylinders) has been established;
 2. **High-Pressure Hydrogen Storage Equipment:**
 1. **China's First 30MPa Hydrogen Transport Tube Trailer:** Officially put into operation, reducing hydrogen transport costs by approximately 30% per vehicle compared to traditional 20MPa models;
 2. **Type IV High-Pressure Hydrogen Cylinders:** Have obtained TPED (Transportable Pressure Equipment Directive) certification and secured the industry's first order from Europe, marking a significant step toward subsequent sales in domestic and other markets;
 3. **121MPa Ultra-High Pressure Hydrogen Cylinder Bundles:** Successfully delivered, representing another breakthrough in ultra-high-pressure hydrogen storage technology following the 103MPa high-pressure hydrogen storage vessels;
 3. **Liquid Hydrogen/Liquid Helium Cryogenic Valves:** Successfully obtained CCS (China Classification Society) type approval, providing market access for expanding into new fields such as offshore engineering and shipbuilding;
 4. **Raw Hydrogen Large-Flow Compressors:** Completed prototype development and testing, achieving a breakthrough in orders for large-flow pipeline hydrogen compressors;

MANAGEMENT DISCUSSION AND ANALYSIS – INDUSTRY OVERVIEW

CLEAN ENERGY SEGMENT

5. **Electrolytic Water Hydrogen Production BOP Separation System:** Through collaborative development, provides customers with end-to-end solutions from green electricity to application. The scale of separation and purification units awarded in bids has reached a new breakthrough.
6. **High-Pressure Nitrogen-Hydrogen Mixed Gas Storage System:** A breakthrough in energy storage technology, based on medium-to-high pressure storage technology. Through an automatic control system, precise matching with project compressors and synthesis towers, as well as stable gas transmission, have been achieved. Successfully applied in green ammonia projects, promoting efficient and low-cost green ammonia synthesis.
7. **R&D of Cryogenic Liquid Ammonia Transport Vehicles:** The independently developed first domestic cryogenic liquid ammonia transport vehicle has been deployed in the world's largest green hydrogen-ammonia project, providing strong assurance for the safe transportation of green ammonia and addressing the primary bottleneck in its large-scale application.
8. **R&D of Large-Capacity Anhydrous Ammonia Semi-Trailers:** Successfully launched the largest domestic anhydrous ammonia semi-trailer with a capacity of 51.51m³, achieving a significant technological breakthrough in this field. The tank utilizes lightweight design, with structural optimizations significantly enhancing roll stability, providing a safer and more efficient solution for the industry.
9. **Biomethanol Project R&D:** China's first mass-production biomethanol project has been successfully put into operation, while the next-generation biomass pressurized gasification technology research has been launched simultaneously, contributing to the development of a comprehensive hydrogen-based energy solution encompassing "equipment + process + engineering construction + digital operation".

Sales and Marketing

The Clean Energy Segment of the Group has set up sales offices in China, Southeast Asia, North America, etc., and has established subsidiaries for related businesses in the United States and Singapore. The equipment products of the cryogenic, medium-pressure and high-pressure categories of this segment are mainly sold under the brand names of "Enric", "Sanctum", "Hongtu", "CIMC Tank" and "Cryobest". The brand names for liquefaction engineering projects and EPC project engineering services are "CIMC EnTech" and "CIMC Shenleng", respectively. The main brand name for distributed energy and low-carbon energy station products is "CIMC Enric". The brand name for products and engineering services of the marine clean energy business is "CIMC SOE". Hydrogen energy equipment products and project engineering services are mainly provided under the self-owned brands of "Enric" and "CIMC Hydrogen". The Internet of Things intelligent operation management platform is mainly sold under brand names such as "CIMC DIGINERGY", "Lanshi", "Lanshui" and "Anzhilian". The customer base includes well-known domestic and foreign enterprises such as PetroChina, Sinopec, China Energy Group, ENN Group, Shenzhen Gas, China Resources Gas, Towngas China, Sinotruk, Dongfeng Motor, Foton Daimler, Faw Group, Avenir LNG, Wartsila, CHD, SFCC, REFIRE, Linkye Gas, Wisdom Motor and HYNNOVATION.

The Group's green methanol products are promoted under the brands "CIMC Green Energy" and "CIMC ENRIC Biomethanol". The target customer base includes container ship-owning companies, marine fuel bunkering/fuel trading enterprises, biopharmaceutical companies, green chemical enterprises, tire adhesive industry clients, and export-oriented enterprises that need to meet the EU's Scope 3 carbon reduction targets.

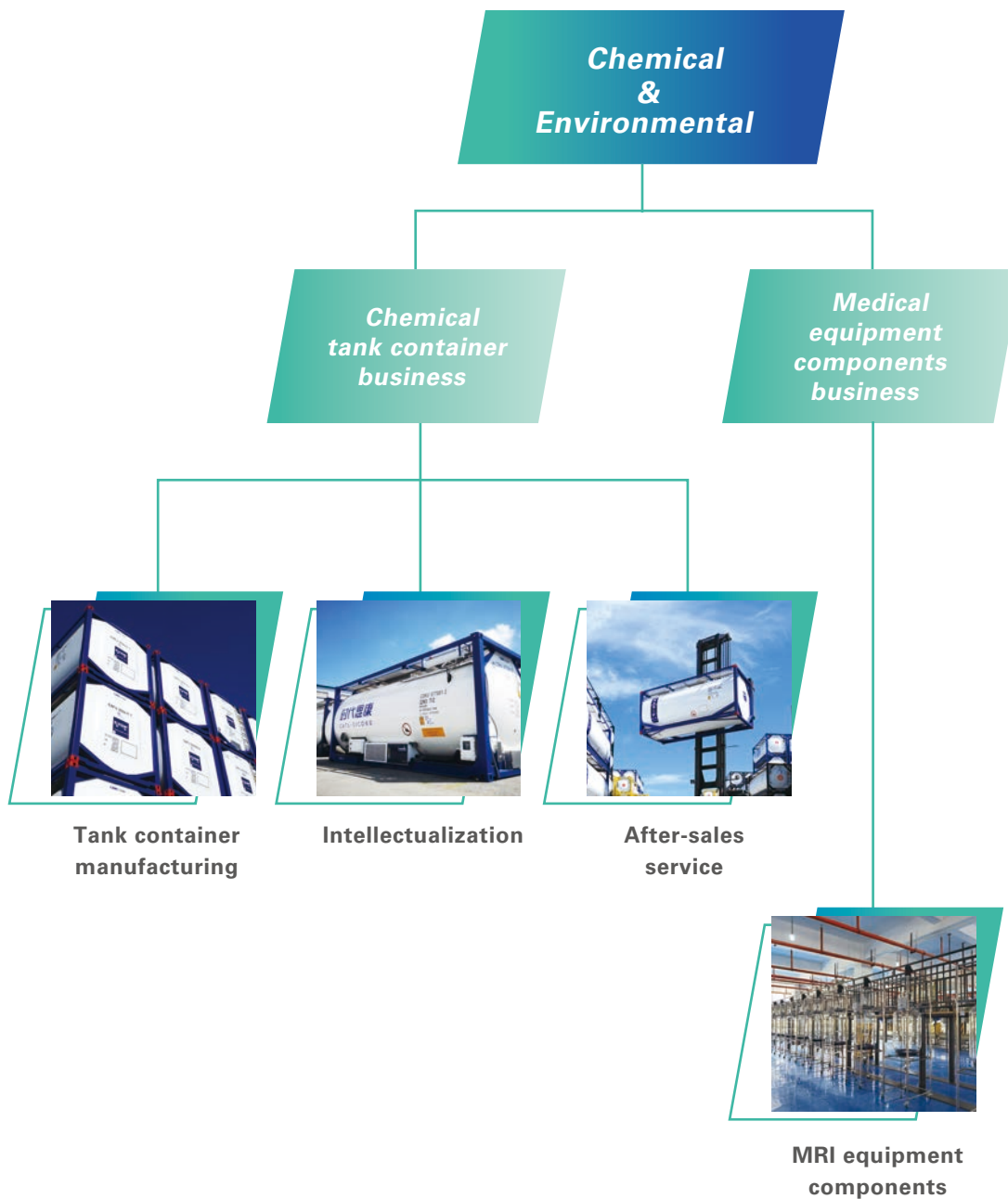
Customer Service

The Group, as always, attaches great importance to and maintains long-term relationships with customers. We are committed to ensuring that customers can operate all kinds of clean energy equipment provided by us safely and efficiently at all times. Adhering to the concept of “providing services for customers throughout the whole life cycle”, we establish various regional service centers (stations) or cooperative service outlets according to the distribution areas of customers and products, ensuring that we can provide customers with various technical service supports such as technical guidance, installation and debugging, rapid maintenance, and application training quickly, conveniently and efficiently 7×24 hours, so as to ensure the safe operation of customers throughout the process.

Through the upgrading and expansion of comprehensive stations, the Group has further enhanced its service scope and service capabilities. The 9 comprehensive stations located in 8 provinces including Xinjiang, Shaanxi, Sichuan, Jilin, Jiangsu, Hebei, Liaoning and Heilongjiang, together with the service stations established independently or through cooperation with social resources by each main business enterprise, have expanded the service products from the after-sales service of high-pressure, medium-pressure and cryogenic series products under the CIMC Enric brand to the whole process including the supply of spare parts, installation and debugging, operation and maintenance, and even the provision of service general contracting. For the overseas market, after-sales service networks have been established in regions such as Southeast Asia, Africa, the Middle East, the Americas and Europe through acquisitions, authorized cooperation, etc., to meet the after-sales service needs of customers in these regions. The safe, professional, efficient, and integrated aftersales service makes the service closer to customers, responds to customers more quickly, and provides more convenient services. In the future, through service coordination, we will continuously promote the upgrading and expansion of after-sales services, promote the integration, coordination, and sharing of after-sales service resources for energy equipment, and comprehensively build a comprehensive, professional, and network-based service layout of “service base + regional (comprehensive) service center (station) + network-based service station (outlet)”, thus boosting services to a better level in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

CHEMICAL AND ENVIRONMENTAL SEGMENT



Industry Overview

Tank container: tank containers play a pivotal role in the transportation and storage of bulk fluid cargoes, including liquid, gaseous and powdered or granular materials, particularly within the multimodal transport of hazardous chemicals. Over the long term, the tank container market is expected to follow a trajectory of cyclical growth, progressively advancing toward a greener logistics model characterized by enhanced safety, greater cost efficiency, reduced environmental impact and increased intelligence.

High-end medical equipment: in recent years, driven by the accelerating global aging trend and the rising prevalence of various chronic diseases, public attention to healthcare has intensified, resulting in growing demand for medical equipment across major hospitals. Within this landscape, the market for medical imaging devices such as MRI systems has expanded accordingly. As critical determinants of both equipment performance and cost, core components for medical imaging devices are evolving toward greater sophistication, integration, intelligence, and environmental sustainability. Component suppliers with the ability to drive core technological innovation, respond nimbly to clinical needs, and collaborate closely with original equipment manufacturers are well-positioned to capitalize on the multiple opportunities arising from industry expansion, domestic substitution, and the ongoing restructuring of global supply chains.

Since the initiation of healthcare reform in 2012, relevant state authorities have introduced a series of successive policies aimed at enhancing medical service quality, promoting the implementation of tiered diagnosis and treatment, and facilitating the allocation of medical resources to community-level facilities. These policy measures have opened up new market opportunities for the sale of imaging equipment. Driven by both robust market demand and supportive policies, China's medical imaging equipment market is projected to continue its growth trajectory. According to China Insights Consultancy, the market size is expected to approach RMB110 billion by 2030, representing an average compound annual growth rate of 7.3%.

MANAGEMENT DISCUSSION AND ANALYSIS – INDUSTRY OVERVIEW

CHEMICAL AND ENVIRONMENTAL SEGMENT

Logistics related policies

No.	Release time	Issuing authority	Policy name	Main content
1	22 September 2025	Ministry of Transport, National Railway Administration, China State Railway Group Co., Ltd.	Action Plan for Promoting Deep Integration of Container Rail-Water Intermodal Transport Under a “One Port, One Strategy” Approach (2025-2027)	Vigorously promote the “single bill” system for rail-water intermodal transport. Drive the realization of the “one container” system for rail-water intermodal transport.
2	24 October 2025	Ministry of Transport, Ministry of Public Security, Ministry of Emergency Management	Safety Management Standards for Road Transport Enterprises Handling Dangerous Goods	Enterprises engaged in dangerous goods transport must ensure adequate investment in work safety. Such safety-related expenditures shall primarily be used for: <ol style="list-style-type: none"> (1) expenditures related to the improvement, renovation and maintenance of safe operational facilities and equipment, including expenditures occurred for the inspection and maintenance of dangerous goods transport facilities and equipment, as well as auxiliary safety equipment for such facilities and equipment; (2) expenditures related to the construction, operation, maintenance and upgrading of dynamic monitoring platforms and video surveillance systems for road transport vehicles, as well as the purchase, installation and use of intelligent video monitoring and alarm devices equipped with travel recording and satellite positioning functions.
3	27 December 2025	Standing Committee of the National People’s Congress	Law of the People’s Republic of China on the Safety of Hazardous Chemicals	Enterprises, schools, research institutions, medical institutions, testing institutions, inspection bodies and other entities that produce, store, use, operate or transport hazardous chemicals (hereinafter collectively referred to as “hazardous chemical entities”) shall implement a responsibility system for work safety covering all personnel, establish a dual prevention mechanism encompassing risk grading control and hidden hazard investigation and remediation, and strengthen standardization and information technology development in work safety. The principal responsible persons of such entities bear overall responsibility for their hazardous chemical work safety efforts.

MANAGEMENT DISCUSSION AND ANALYSIS – INDUSTRY OVERVIEW CHEMICAL AND ENVIRONMENTAL SEGMENT

Medical care related policies

No.	Release time	Issuing authority	Policy name	Main content
1	7 July 2025	National Medical Products Administration	Announcement of the National Medical Products Administration on Measures to Optimize Full-Lifecycle Regulation and Support Innovative Development of High-End Medical Devices	Accelerate the development and revision of foundational, general and method standards in areas such as medical robotics, artificial intelligence medical devices, and high-end medical imaging equipment. In response to industry development and regulatory needs, expedite the initiation of urgent standards for high-end medical devices through fast-track procedures.
2	4 September 2025	General Office of the Shanghai Municipal People's Government	Action Plan for Promoting Full-Chain Development of the High-End Medical Device Industry in Shanghai	Accelerate the iterative upgrading of high-performance products such as positron emission tomography/X-ray computed tomography scanners and high-definition angiography equipment, while promoting the development of products such as miniaturized home-use ultrasound devices.
3	18 November 2025	General Office of the Chongqing Municipal People's Government	Action Plan for Innovative Development of the Smart Medical Equipment Industry in Chongqing (2025-2027)	Key development areas: develop high-end medical equipment featuring intelligence, remote operation, precision, and multi-modal integration, with a focus on advanced medical imaging devices such as computed tomography systems and superconducting magnetic resonance imaging systems.

MANAGEMENT DISCUSSION AND ANALYSIS – INDUSTRY OVERVIEW

CHEMICAL AND ENVIRONMENTAL SEGMENT

Business Review

The operating entity of this segment is CIMC Safeway Technologies Co., Ltd. (“CIMC Safeway”, a subsidiary of the Group whose shares are listed on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 301559.SZ)), which is mainly engaged in the design, research and development, production, manufacturing and sales of tank containers. It is a global leader and full lifecycle service provider of containerised logistics equipment for liquids and liquefied gases (room temperature), and has developed its own medical equipment components business.

(1) Tank container business maintains the largest global market share

In 2025, high energy prices in Europe have put the chemical industry under pressure, leading to plant closures and divestitures. Consequently, the global chemical sector gradually shifted its operations toward Asia and the Middle East. By the end of December 2025, China Chemical Product Price Index decreased from 4,307 as at the end of 2024 to 3,930, representing a decline of approximately 8.75%.

The segment’s tank container business primarily serves tank container leasing companies, operators, and chemical enterprises. Some emerging operators, relying heavily on leased assets, faced significant operational challenges and cash flow pressures amid weakening market demand, leading to early lease terminations, while some companies have undergone restructuring. Mergers and acquisitions among leasing companies have also begun to emerge.

Due to the aforementioned factors, demand for tank containers declined, resulting in a year-on-year decrease in revenue for this segment. Nevertheless, its market share remained firmly at the top globally. In the long term, the global chemical industry is expected to maintain its growth trajectory. Hao Panfeng, Secretary-General of the China Container Industry Association, stated that the global supply chain landscape was accelerating its shift toward regionalisation, shorter chains, and diversification. This regional transformation in trade patterns will provide sustained growth opportunities for the tank container market, which is now experiencing a spiraling upward trend, continuously advancing toward a greener logistics model that is safer, more economical, more environmentally friendly, and intelligent.

(2) Aftermarket service capabilities are steadily improving

The segment consistently adheres to a business development strategy centered on “Manufacturing + Service + Intelligence”, dedicated to providing high-quality, reliable products and services across the entire tank container industry chain and adjacent fields. Professional aftermarket services such as tank container cleaning, maintenance, periodic inspections, and storage have resolved numerous practical challenges for customers. Through well-structured operations and proactive expansion, the segment’s aftermarket business has achieved steady growth. In December 2025, the segment established CIMC Safeway Tank Container Service (Nanjing) Co., Ltd. (中集賽維罐箱服務(南京)有限公司), which has further enhanced its aftermarket service capabilities in the Nanjing region.

(3) Intelligent services are undergoing continuous upgrades

The segment continued to advance the research and development of intelligent products and platform optimisation in the logistics sector, driving continuous improvements in its intelligent business. Building upon its successful applications in the tank container sector, it has achieved horizontal expansion of application scenarios, extending into areas such as smart warehousing and intelligent grain storage. During the Reporting Period, its intelligent business deepened its penetration into high-value scenarios by establishing a global service network, which has further consolidated its competitive market advantage.

(4) Medical equipment components business continues to grow

As magnetic resonance imaging (MRI) technology continues to advance toward greater intelligence and precision in medical diagnostic imaging, the healthcare industry is placing increasing emphasis on high-end imaging technologies. In the long term, the market for medical MRI equipment is poised for sustained growth.

The segment specialises in providing critical supporting products for the world's leading medical imaging equipment manufacturers. Leveraging outstanding product performance, a stable quality system, and forward-thinking collaborative R&D capabilities, it has built substantial technical expertise and processes know-how in core components, which has earned it deep recognition from multiple industry leaders, enabling it to evolve from a supplier to a strategic partner.

After over a decade of continuous R&D and refinement, the segment has steadily enhanced its capabilities in R&D and manufacturing key components for high-end medical imaging equipment. Its product portfolio has progressively expanded, and its customer base has grown increasingly diverse. Particularly in pressure vessels and precision machining, its technologies effectively meet the demanding requirements of equipment such as MRI systems, including low-temperature, vacuum, and high-pressure environments. Its product performance has earned recognition from industry leaders, ensuring strong order continuity. Concurrently, the segment is actively expanding its customer base, diversifying its product portfolio, and consolidating and expanding its market influence in related fields.

In 2025, the segment's high-end medical MRI business kept pace with technological advancements and market developments led by industry leaders. Through continuous innovation and management enhancement, it has achieved growth in line with industry development, maintaining a sustained upward trajectory in performance.

MANAGEMENT DISCUSSION AND ANALYSIS – INDUSTRY OVERVIEW

CHEMICAL AND ENVIRONMENTAL SEGMENT

Additionally, the segment collaborated with the China Container Industry Association to actively promote the application of tank containers in the multimodal transport market. To foster the intelligent and green development of logistics equipment technology for chemical and liquid food industries, and to strengthen cooperation between logistics providers and cargo owners, the Fifth China Tank Container Cooperation and Development Conference on Logistics Technology Applications for Chemicals and Liquid Foods was held in Nantong, Jiangsu in June 2025. Demonstrating its leadership and responsibility as an industry pioneer, the segment advanced the green and low-carbon transformation of the economy and society under the development philosophy of “Intelligent Transformation, Digital Transition, and Green Development”. It has been supporting China’s transition from a major manufacturing country to a leading intelligent manufacturing powerhouse, driven by new quality productive forces.

The segment fully implemented the medium and long-term strategy of “lean innovation, intelligent renovation and digital transformation, tank containers linking the world, green development”, with operational excellence as the key to constantly enhance differentiated capabilities through continuous innovation and achieve high-quality development by leveraging new business expansion, thereby consolidating the leading position in the industry.

1. Fortifying the bedrock of principal tank container business to drive steady segment growth

Through continuous product innovation and iteration, focused refinement and building of value chain integration capabilities, the segment has explored and implemented both incremental and transformative improvements across multiple dimensions, including technology, products, services, management, and business models, steadily enhancing its core competitiveness. With the vigorous development of the new energy industry and the state’s strong support for the high-end technology industries, the segment focuses on a number of key areas, actively responds to the changes in market demand, and continues to promote the application of tank containers equipment for logistics and transportation by customers in the new energy, semiconductor and wafer industries. On this basis, most of the international trade of products mentioned above utilises tank containers, and it is believed that this positive trend will sustain in the future. Moreover, on the basis of existing tank container business, the segment will further explore the field of food transportation and expand the application of tank containers in food transportation, striving to provide professional and reliable equipment for the efficient and safe transportation of global food, thereby contributing to the industry’s development.

By further enhancing the standard of on-site automation, reducing the intensity of manual operations and continuously promoting intelligent manufacturing, the segment has established a production environment that fosters human-machine collaboration and ensures worker-friendly operations. The segment actively explores practical application of AI and AI agent in operations, empowers the upgrading of business management and establishes a data-driven decision-making mechanism, thus to comprehensively enhance the standard of integrated management. While strengthening the foundation of our manufacturing business, the segment places particular emphasis on providing full lifecycle services for tank containers, continuously optimises the business layout of tank container after-sales services to provide customers with a series of services including cleaning, maintenance, inspection and storage, thereby enhancing the overall customer service experience and further improving customer satisfaction.

2. Focusing on high-end equipment manufacturing fields to actively expand into new areas

Focusing on diversification is a key strategic priority for the segment to achieve sustainable growth and strengthen resilience against risks. At present, having established a solid market position and scale advantage in tank container manufacturing, the segment is focusing on expanding into new areas to further enhance competitiveness. By fostering deep synergy between economies of scale, business scope and cutting-edge technology, it actively seeks new business opportunities in strategically relevant areas such as high-end equipment, aiming to diversify revenue streams, cultivate large-scale emerging business segments and drive quality growth for the segment.

To actively expand high-end medical equipment business, the segment will root in China with a global outlook, aligning with cutting-edge developments in medical MRI equipment and following the lead of industry leaders, strive to deliver more advanced high-end components for medical imaging equipment. Besides, it will continue to build its precision machining capabilities for non-ferrous metals and expand into the controlled nuclear fusion equipment sector, contributing to the development of controlled nuclear fusion industry in China.

To actively expand intelligent equipment business, the segment will continue to build software and hardware and service capabilities of “sense, foresight and implementation”, empowering digital intelligence transformation of the chemical logistics and intelligent manufacturing fields with reliable quality and innovative technologies.

In the future, in active response to national policies and initiatives, the segment will persist in making deployment focused on key areas, especially in high-end medical equipment and intelligent equipment manufacturing, by capital market means including mergers and acquisitions and investments. By continuously advancing endogenous development and exogenous expansion and making efforts in the next three to five years, the segment strive to establish a matrix of “high-end equipment + new materials + new processes + new scenarios”, achieving a transition from the leader in global tank containers field to a global high-end equipment core technology platform.

MANAGEMENT DISCUSSION AND ANALYSIS – INDUSTRY OVERVIEW

CHEMICAL AND ENVIRONMENTAL SEGMENT

Sales and Marketing

The long-term leading position of this segment in the tank container industry benefits from the stable cooperative relationships established with downstream customers, including long-term partners, which ensures the stability of the customer base. The main product, tank containers, is mainly targeted at the global market and serves lessors, operators, and end customers. The direct customers of this segment mainly include internationally renowned container leasing companies such as EXSIF, STREEM INTERMODAL (formerly known as Eurotainer, Raffles), CS Leasing, Trifleet, Peacock Container and Textainer and professional chemical logistics service providers such as Stolt Tank Containers, Bertschi, Den Hartogh, Eagle Liner, Katoen Natie, Milkyway, Gentco Logistics, China Railway Tielong and Dalian DJD. The transported chemicals involve almost all the giants and active participants in the global fine chemicals and basic chemicals industries, including BASF, Dow, DuPont Chemours, Wanhua Chemical, Solvay, CATL, Tinci Materials, and the leading chemical companies in Japan and South Korea, covering regions such as Asia, North America, Europe, and Australia.

Customer Service

This segment has long provided its customers with a comprehensive range of new-build tank containers and remains committed to delivering professional aftermarket full-lifecycle services, including cleaning, repair, periodic inspection, storage, and end-of-life recycling and reuse of tank containers. These offerings have earned strong customer trust and acclaim, yielding significant economic and social benefits. Currently, the Company provides aftermarket services for tank containers in regions including the Netherlands, Zhejiang and Jiangsu. In December 2025, the Company established CIMC Safeway Tank Container Service (Nanjing) Co., Ltd. (中集賽維罐箱服務(南京)有限公司), further enhancing its aftermarket service capabilities in Nanjing.

The segment is advancing the strategic upgrade of its “Internet of Things + Tank Container” business model. Through continuous iteration of core technologies such as intelligent sensing, precise temperature control, and remote active intervention, the segment is further strengthening its service network and after-sales response capabilities. Ultimately, through integrated data-driven one-stop services, the segment provides customers with real-time dynamic visibility into their tank container assets, enabling them to achieve significant improvements in operational efficiency.

Research and Development

The chemical and environmental segment is committed to providing customers with comprehensive logistics solutions. Through the collaborative R&D model of industry-university-research cooperation and the cooperation among China, the UK and Europe, the segment conducts a series of developments of special tank container products and the upgrading and iteration of standard products. Notably, the segment developed the first TDI tank container in China applicable for railway transport of such dangerous goods, overcoming the transport challenges associated with TDI’s susceptibility to reaction upon contact with water and its high leakage risk, thereby filling a gap in domestic railway transport for TDI.

MANAGEMENT DISCUSSION AND ANALYSIS – INDUSTRY OVERVIEW
CHEMICAL AND ENVIRONMENTAL SEGMENT

This segment continuously devotes itself to the development and application of new technologies, new processes, and new materials. It has independently developed a number of core patented technologies, primarily including intelligent sensing technology, virtual simulation design and development technology, cold-chain and hot-chain storage and transportation equipment design and manufacturing technology, special medium storage and transportation technology, structural lightweight design and optimization technology, mechanical equipment automated manufacturing technology, precision manufacturing technology for high-end medical supporting equipment, precise forming control technology for complex structures, and mechanical testing and characterization technology. As of 31 December 2025, the segment held 292 valid patents, including 118 invention patents, 166 utility model patents, and 8 design patents. During the reporting period, the segment filed 33 new patent applications, comprising 19 invention patents, 13 utility model patents, and 1 design patent. In addition, this segment has successively participated in drafting 9 national/industry standards and has won many national and provincial science and technology awards, including the China Patent Excellence Award, the Second-Class Award for Scientific Progress of the China Federation of Logistics & Purchasing, the Third Class Award for Scientific Progress of Jiangsu Province, the Patent Excellence Award of Jiangsu Province, etc. It also has technical platforms and titles such as the National Post-doctoral Research Workstation, the Jiangsu Engineering Technology Research Center for Special Transport Equipment, the Jiangsu Enterprise Technology Center, the Jiangsu Industrial Design Center, the National Intellectual Property Advantage Enterprise, and the National Intellectual Property Demonstration Enterprise.

A national standard, “Technical Safety Requirements for Metallic Portable Tanks for Road Transportation of Liquid Dangerous Goods,” for which the segment played a leading role in preparation, addressed a previously existing gap in domestic standards in this area. The standard has officially come into effect on 1 August 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUID FOOD SEGMENT



Brewery turnkey project



Baijiu turnkey project



Juice tank



Distillery turnkey project



Pharmaceutical vessel

Liquid Food

The business entity of this segment is CIMC Liquid Process Technologies Co., Ltd. (“CLPT”). This segment specialises in the “turnkey project” solutions for process design, equipment manufacturing, installation and integration systems for various industries such as beer, distilled spirits, hard seltzer, baijiu, fruit juice, Ready To Drink beverages (RTDs) and biopharmaceuticals. The segment possesses globally reputable and leading brands Ziemann Holvrieka, Briggs, DME, Künzel and McMillan, with major manufacturing plants in Europe, Mexico and China.

Industry Overview

The year 2025 brought continued challenges across the core markets. According to Statista’s report, Global beer consumption declined by 0.3% year-on-year, driven by health-oriented consumer behavior, increased competition from alternative beverages, and ongoing cost-of-living pressures. Previous growth markets such as Brazil, Mexico, Vietnam and Nigeria lost momentum, while major mature markets including the US, China, and Germany also showed significant contraction. The wider alcoholic beverages segments such as distilled spirits and solid-state fermented beverages faced similar headwinds. These overall market conditions caused the overall slowdown in large expansion project commitments, which added pressure on the segment’s performance.

At the same time, several segments within the core market continued to show noteworthy growth. According to Statista (2026): Global Non-alcoholic Beer Revenue Outlook, particularly non-alcoholic beer benefited from sustained consumer interest in healthier drinks, with global revenues projected to grow at around 5% CAGR (2025–2029). Spirit-based RTDs remained among the most dynamic segments, with forecast growth of approximately 6% CAGR, driven by demand for convenient and flavorful propositions, especially among younger and urban consumers.

Beyond the core markets, the targeted adjacent segments for diversification offered attractive growth opportunities. The global non-alcoholic beverages, such as soft-drinks and juices, continued to expand, supported by sustained consumer interest in health-oriented and premium alternatives. Revenues in this market are expected to grow around 5% CAGR (2025–2029). Within this category, the non-alcoholic beer market is expected to deliver similar growth. In parallel, the biopharmaceuticals market is projected to grow at ~7.7% CAGR (2025–2032), driven by the rising prevalence of chronic diseases, an aging population, advances in biologics and cell and gene therapies, and sustained R&D investment.

Business Review

The business entity of this segment is CIMC Liquid Process Technologies Co., Ltd. (“CLPT”, a subsidiary of the Group whose shares are quoted on the National Equities Exchange and Quotations System (全國中小企業股份轉讓系統) (stock code: 872914.NEEQ)). This segment specialises in the design, manufacturing and delivery of stainless steel tanks and process equipment for various liquid food segments such as beer, distilled spirits, non-alcoholic beverages, solid fermentation, fruit juice, Ready To Drink beverages (RTDs) and biopharmaceuticals. Global project execution is a key part of the Liquid Food business’ competitive edges, supported by strategically located manufacturing hubs and internationally deployed teams. The segment possesses globally reputable and leading brands such as Ziemann Holvrieka, Briggs, DME, Künzel and McMillan, with major manufacturing plants in Europe, North America and China. The segment has 167 intellectual property rights, including 69 I Class invention patents and 94 utility models; among them, there are 20 high-value patents that have been granted for ten years, and 33 invention patents have been accepted and are currently under review by the relevant authorities.

The 2025 performance of the segment was constrained by a challenging operating environment. Some overseas clients adopted a more cautious investment strategy, thus postponing the progress of certain projects, which posed certain challenges to the Company’s overseas business. Order intake progress lagged behind expectations, primarily due to client’s caution in capital investment decisions in response to the impact of US tariffs and rising uncertainty and volatility in the global trade.

MANAGEMENT DISCUSSION AND ANALYSIS – INDUSTRY OVERVIEW

LIQUID FOOD SEGMENT

Throughout 2025, despite the challenging environment, the segment delivered a range of projects across multiple industries and geographies. Key activities included the execution of turnkey brewery projects in Mexico, Brazil and Cambodia, alongside turnkey tequila distillery projects in Mexico. The segment also completed solid-state fermentation projects in China and has won the bid for the key project of intelligent upgrading of China's Baijiu industry.

Overall, the performance outlook across these adjacent sectors validates the segment's diversification strategy, and reflects its positioning in industries experiencing rapid structural growth. Looking ahead, the core markets are expected to gradually stabilize as demand patterns normalize and investment sentiment recovers. At the same time, ongoing diversification into beverages and biopharmaceuticals continues to strengthen the segment's exposure to structurally attractive growth areas. With this strategic focus, the overall business is positioned to return to a more balanced and resilient growth over the coming years.

The segment's forward-looking strategy focuses on strengthening long term resilience, improving operational efficiency, and preparing for future growth opportunities in an evolving global environment. As market dynamics continue to shift, the segment is pursuing a gradual realignment of its operating setup to increase flexibility, streamline processes, and ensure that core locations can support stable and scalable activities in the years ahead. These adjustments are intended to enhance competitiveness, reflecting ongoing efforts to adapt to changing customer demand patterns.

At the same time, the segment aims to broaden its exposure beyond historically dominant markets by selectively developing activities in adjacent and emerging areas where its technical expertise and process knowledge can be applied effectively. While traditional markets remain central to its operations, evolving consumer and technology trends create opportunities in fields such as beverages and life science related applications. Diversification is a key driver of our strategic plan to reduce CLPT's dependency on the beer business. By enhancing resilience through market diversification and digital solutions, by 2028, we expect to increase order volumes in new businesses, such as Beverages & RTDs, International Spirits, and the Biopharma sector. The sales share of the Customer Service & Solutions (CS&S) division is expected to increase; the continuously growing service business will further drive volume growth and margin improvement.

Internally, the segment continues to invest in strengthening its digital foundation, enhancing data structures, and modernizing systems to support better decision making and harmonized ways of working across regions, functions and entities. Complementary initiatives in workforce development, skill building, and cross functional collaboration are designed to ensure that teams can respond effectively to changing requirements and support the segment's longer term transformation agenda.

Collectively, these efforts are intended to create a more balanced and future ready segment with the adaptability to navigate uncertain market conditions while maintaining optionality for long term strategic pathways.

Research & Development

The liquid food segment has continued to focus on the research and development and in-depth development of a series of liquid food equipment products, including:

- The segment is currently exploring the development of industrial complex distillation systems. Additionally, the R&D teams worked on mechanical vapor recompression solutions for the Scottish whiskey industry, supporting our customers to save their energy costs and to contribute to their sustainability targets.

MANAGEMENT DISCUSSION AND ANALYSIS – INDUSTRY OVERVIEW LIQUID FOOD SEGMENT

- The segment deeply participated in the upgrading and transformation of Chinese solid fermentation industry technology, with research and development of technology and equipment for the whole solid fermentation industry chain, in which, it focused on the equipment for key processes such as the grain processing system to improve the utilisation of grains which benefits agrifood preservation and food chain.
- The segment has recently started to participate in two public research projects concerning the development of soft sensing devices for yeast propagation and beer fermentation (Ostwestfalen-Lippe University of Applied Science and Arts) as well as basic research to virtualise purposes of liquid food plant engineering and commissioning by means of modularisation and simulation (Technical University of Munich, Weihenstephan).
- One of the key introductions was Ziemann AnalytiX, powered by Indeex, a digital process-intelligence platform that provides real-time operational insights. Another addition to the portfolio was ElixR, the segment's advanced dealcoholisation solution designed to support the growing demand for low- and no-alcohol beer. The segment also expanded its thermal-processing capabilities with Briggs ThermoDrive, a solution engineered to deliver more energy-efficient and consistent heating performance across a range of applications.

These innovations were unveiled at a major industry trade fair, marking an important step in strengthening the segment's commercial visibility and underscoring its focus on high-impact, customer-relevant technologies. Together, these initiatives illustrate a continued commitment to product development, market diversification, and a more digitally enabled value proposition.

Sales & Marketing

Through its brands Ziemann Holvrieka, Briggs of Burton, Künzel, McMillan, and DME Process Systems, the liquid food segment delivered turnkey EPC solutions, stainless steel process and storage tanks, and engineering expertise across a diverse global customer base.

With establishments in China, Germany, Belgium, Canada, the UK, the USA, Thailand, Japan, Brazil and more, the segment's global presence is extensive.

Despite persistent challenges in several core markets, the segment's sales and marketing teams strengthened diversification efforts, placing greater emphasis on adjacent beverage categories, emerging technologies, and new service-oriented opportunities. These efforts were supported by a series of strategic product launches that broaden the segment's offering and reinforce its positioning in digitalisation, sustainability, and efficiency.

Customer Service

The technical knowledge of engineers in the liquid food segment, combined with practical experience from countless global projects, makes the segment a strong and reliable partner for its clients. It delivers tailor-made services that help clients achieve their operational objectives such as improving cost-effectiveness, carbon neutrality or optimized yields.

Worldwide support is provided across a broad range of services, including spare/replacement parts, engineering, maintenance service, periodical inspection services, and upgrades or retrofitting of installations. All services are delivered on a project or case-by-case basis, tailored to meet the specific needs of each client.

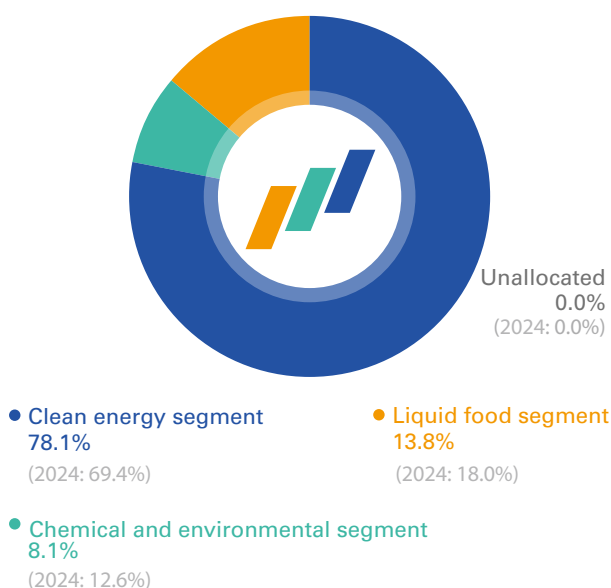
In 2025, the segment has also focused on enhancing collaboration across its global service teams, setting up cross-company initiatives to leverage the global network, share expertise and develop service concepts. These collaborations aim to improve the overall service offering, ensuring that the segment can provide even more effective solutions to customers worldwide.

With a combination of technical expertise and practical, hands-on experience, the segment remains committed to offering exceptional customer service, maintaining its position as a trusted and reliable partner in the liquid food segment.

Revenue

During 2025, favourable factors such as recovery of the Chinese economy and favourable government policies stimulated the Group’s clean energy segment to grow steadily during the year. At the same time, the slowdown in demand for tank containers and the decrease in new order intake has negatively impacted our chemical and environmental segment and liquid food segment respectively. As a result, the Group’s consolidated revenue for 2025 rose by 6.3% to RMB26,325,942,000 (2024: RMB24,755,737,000). The performance of each segment is discussed below:

Revenue breakdown by segment



With the continuous tightening of the country’s requirements for environmental protection, energy conservation and emission reduction, the demand for LNG and industrial gases in many fields continues to grow, driving the sales of our storage and transportation equipment such as on-vehicle LNG fuel tanks, LPG vehicle and tank containers. As a result, the clean energy segment’s revenue for 2025 rose by 19.7% to RMB20,564,600,000 (2024: RMB17,183,412,000). The clean energy segment remained the top grossing segment and contributed 78.1% (2024: 69.4%) of the Group’s total revenue.

Insufficient level of operations in downstream chemical industries has reduced the market demand for tank containers, and intensified industry competition has further lowered the tank containers’ prices and sales volume. As a result, the chemical and environmental segment’s revenue was down by 31.3% to RMB2,141,038,000 (2024: RMB3,116,028,000). The segment made up 8.1% of the Group’s total revenue (2024: 12.6%).

During 2025, due to the decrease in new order intake, the liquid food segment’s revenue saw a decrease of 18.7% to RMB3,620,304,000 during the year (2024: RMB4,451,333,000). The segment accounted for 13.8% of the Group’s total revenue (2024: 18.0%).

The unallocated revenue was nil (2024: RMB4,964,000) and made up 0.0% of the Group’s total revenue (2024: 0.0%).

The Group’s accumulated new orders signed in 2025 reached RMB26,294 million and the backlog orders by the end of 2025 amounted to RMB29,748 million. In 2025, LNG prices remained stable, with the gas-to-diesel price ratio maintained at a low level of 0.6. Coupled with the implementation of subsidy policies for replacing old equipment with new ones in sectors such as LNG heavy-duty trucks and inland waterway vessels, as well as the advancement of green transformation in international shipping, the demand for LNG grew across areas including land and water transportation, and power generation. CIMC Enric saw robust demand for its on-vehicle LNG cylinders, inland vessel LNG power packages, LNG bunkering vessels, LNG marine fuel tanks, and modularised intelligent low-carbon energy stations. The new orders signed for the clean energy segment increased to a record high of RMB22,229 million year-on-year, and the backlog orders by the end of 2025 amounted to RMB26,283 million. Among them, the new orders signed for offshore clean energy business reached RMB10,638 million, and the backlog orders by the end of 2025 amounted to RMB19,141 million. Shipbuilding orders have been scheduled until 2028, further consolidating the Group’s global leading position in niche markets including LNG bunkering vessels and LNG fuel tanks, with abundant backlog orders laying a solid foundation for subsequent growth. The new orders signed for hydrogen energy business in 2025 and the backlog orders by the end of 2025 were RMB745 million and RMB206 million, respectively.

In 2025, the global chemical industry remained under pressure, with the market demand for tank containers continuing to decline. However, the new orders in the fourth quarter of 2025 showed improvement on both a year-on-year and month-on-month basis. For the full year, the new orders signed for the chemical and environmental segment reached RMB2,664 million, and the backlog orders by the end of 2025 amounted RMB1,276 million, representing a year-on-year increase of 36.3%. For the liquid food segment, policy uncertainty and slowing consumption growth continued to weigh on capital expenditure and investment decisions, putting pressure on orders in the liquid food segment. The new orders signed for liquid food segment and the backlog orders by the end of 2025 amounted to RMB1,401 million and RMB2,189 million, respectively.

Gross Profit Margin and Profitability

The Group's overall gross profit margin ("GP margin") fell to 14.0% in 2025 from 14.4% in 2024. While chemical and environmental segment's GP margin decreased, liquid food and clean energy segments' increased at varying degrees. The clean energy segment's GP margin increased slightly to 12.7% (2024: 12.6%), basically remaining at the same level as last year. During the year, the GP margin of chemical and environmental segment decreased to 13.0% (2024: 16.4%), which was mainly due to a lower utilisation rate of the production line. The GP margin of the liquid food segment increased slightly to 21.7% (2024: 21.4%), basically remaining at the same level as last year.

Profit from operations expressed as a percentage of revenue fell to 5.5% (2024: 6.2%), which was mainly due to a decrease in GP margin.

Other operating income totalling RMB410,976,000 in 2025 (2024: RMB443,024,000) consisted of interest income from bank deposits, government grants and other operating revenue. The drop in other operating income during the year was mainly attributed to a decrease in interest income from bank deposits, as a result of the decrease in term and restricted bank deposits in 2025.

Selling expenses increased by 2.7% to RMB534,172,000 (2024: RMB520,308,000). Such expenses comprised provision for product warranty, royalty fee, human resources, commission and other expenses directly attributable to selling activities. Selling expenses increased mainly because of a rise in after-sales service fees and staff cost in line with an expanding scale of sales activities.

Administrative expenses decreased by 4.4% to RMB1,931,854,000 (2024: RMB2,021,689,000) which was mainly due to a decrease in staff costs and savings in various operating expenses.

During the year, impairment losses on financial and contract assets turned to a loss of RMB27,398,000 (2024: gains of RMB16,776,000), which was mainly due to the Group's more prudent approach to assessing the recoverability of trade receivables.

Other net losses of RMB150,151,000 in 2025 (2024: gains of RMB66,409,000) mainly comprised foreign exchange loss, net fair value losses on financial assets at fair value through profit or loss, write-back of payables and advances from customers, gains on disposal of property, plant and equipment, gain on disposal of investment in an associate and subsidiaries, and miscellaneous gains. The change in 2025 was mainly due to a rise in foreign exchange loss, a decrease in net gains on disposal of property, plant and equipment and lease prepayment, write-back of payables and advances from customers during the year. During the year, foreign exchange loss and loss on hedging instruments (i.e. net fair value loss on financial instruments at fair value through profit or loss) totalled RMB194,182,000 (2024: RMB122,634,000). This represents an increase of RMB71,548,000 year-on-year and is mainly attributable to the increased volatility of USD/RMB exchange rate especially in the fourth quarter of 2025. The Group manages its foreign exchange exposure by balancing the cost of hedging with the expected risk of currency fluctuation, and then selectively utilises hedging instruments as it deems appropriate.

MANAGEMENT DISCUSSION AND ANALYSIS – FINANCIAL REVIEW

During 2025, finance costs decreased by 10.1% to RMB93,873,000 (2024: RMB104,404,000). Finance costs mainly comprised interest on bank loans, loans from related parties and medium-term and short-term notes of RMB82,965,000 (2024: RMB95,045,000). The drop in interest expenses was mainly due to lower interest rates on interest-bearing debts during the year.

Income tax expenses for the Group decreased by 26.3% to RMB221,188,000 in 2025 (2024: RMB300,087,000). This decrease was mainly attributable to reversal of deferred tax arising from the realisation of temporary differences in respect of project engineering contracts.

Liquidity and Financial Resources

As at 31 December 2025, the cash and cash equivalents of the Group amounted to RMB7,751,634,000 (2024: RMB7,264,358,000). A portion of the Group's bank deposits totaling RMB1,547,772,000 (2024: RMB1,553,940,000), which had more than three months of maturity at acquisition, were restricted for investments purposes or for guarantee of banking facilities. The Group has maintained sufficient cash on hand for repayment of bank loans as they fall due and continued to take a prudent approach in future development and capital expenditure. The Group has been cautiously managing its financial resources and constantly reviews and maintains an optimal gearing level.

As at 31 December 2025, the Group's bank loans and overdrafts amounted to RMB772,176,000 (2024: RMB364,622,000), and are all repayable from within 1 year to 14 years. All bank loans bore interest at rates from 1.85% to 3.49% per annum (2024: 2.40% to 3.94%).

As at 31 December 2025, the Group had bank loans amounting to RMB105,049,000 guaranteed by the Company's subsidiaries (2024: RMB80,000,000). The Group had secured bank loan amounted to RMB1,752,000 as at 31 December 2025 (2024: nil). As at 31 December 2025, loans from related parties amounted to RMB227,740,000 (2024: RMB129,152,000), which are unsecured, interest bearing from 2.11% to 2.51% per annum (2024: 3.00%) and repayable within from one year to four years.

In April 2025, the Group issued one-year short-term notes with par value totaling RMB500,000,000. The short term notes after deducting the issuance costs were used for repayment of the Group's indebtedness and to supplement the Group's operating capital.

The net gearing ratio, which is calculated by dividing net debt over equity, was zero times (2024: zero times) as the Group retained a net cash balance of RMB4,256,683,000 (2024: RMB4,278,497,000). The decrease in net cash balance was mainly attributable to the increase in interest bearing debts during the year.

The Group's interest coverage was 16.5 times for the year (2024: 15.6 times), which represented an increase that was mainly due to a decrease in interest expense for the year. Moreover, the Group's profit from operation and strong operating cash flow demonstrate that the Group is fully capable of meeting its interest expense commitments.

During 2025, net cash generated from operating activities amounted to RMB1,742,844,000 (2024: RMB2,486,370,000), by consistently applying the right measures and controls, the Company is confident to maintain a net operating cash inflow in the long run.

The net cash used in investing activities amounted to RMB963,831,000 (2024: RMB1,897,544,000), this is mainly due to the payment for acquisition of property, plant, equipment and construction in progress and placement of term deposits which totaled RMB2,046,533,000 (2024: RMB2,414,153,000).

During the year, the net cash used in financing activities amounted to RMB161,045,000 (2024: outflow of RMB375,425,000), this is mainly due to the net drawdown of bank loans totaling RMB399,223,000 (2024: net repayment RMB113,916,000). In 2025, a final dividend of approximately RMB565,768,000 (2024: RMB563,504,000 was paid for the financial year 2023) was paid for the financial year of 2024.

On 27 January 2026, the Group issued and allotted an aggregate of 79,700,000 new shares at the placing price of HK\$9.79 per share. The net proceeds from the placing were approximately HK\$774 million. This demonstrates that the Group is flexible in using capital market financing to boost its financial resources. The Group intends to apply the net proceeds for clean energy business capital expenditure and for general business operation.

Assets and Liabilities

As at 31 December 2025, total assets of the Group amounted to RMB32,181,887,000 (2024: RMB29,381,665,000) while total liabilities were RMB18,395,277,000 (2024: RMB16,276,627,000). The net asset value rose by 5.2% to RMB13,786,610,000 (2024: RMB13,105,038,000), which was mainly net profit RMB1,171,591,000 which was partially offset by dividend pay-out of RMB565,768,000. As a result, the net asset value per share increased from RMB6.461 at 31 December 2024 to RMB6.791 at 31 December 2025.

Contingent Liabilities

As at 31 December 2025, the Group had outstanding procurement performance guarantees issued by relevant banks totaling RMB9,150,760,000 (31 December 2024: RMB4,945,031,000). Apart from these, the Group did not have other material contingent liabilities.

Future Plans for Source of Funding and Capital Commitments

Traditionally, the Group's operating and capital expenditures are mainly financed by its internal resources such as operating cash flow and shareholders' equity, and to an extent by external borrowings (such as bank loans and related party loans). With proven experience in financing through debt and capital instruments, the Group has the option to tap into different funding sources so as to optimise its funding costs.

At the same time, the Group will continuously take particular caution on the inventory level, credit policy as well as receivable management in order to enhance its future operating cash flow. The Group has sufficient resources of funding and unutilised banking facilities to meet future capital expenditure and working capital requirement. As at 31 December 2025, the Group had contracted but not provided for capital commitments of RMB608,017,000 (2024: RMB164,806,000). As of 31 December 2025, the Group did not have any authorised but not contracted for capital commitments (31 December 2024: nil).

Foreign Exchange Exposure

The Group is exposed to foreign currency risk primarily through trade transactions that are denominated in currencies other than its functional currency. The currencies giving rise to this risk to the Group are primarily US dollar and Euro. The Group continuously monitors its foreign exchange exposure and controls such exposure by conducting its business activities and raising funds primarily in the denominations of its principal operating assets and revenue. Moreover, if necessary, the Group can enter into foreign exchange forward contracts with reputable financial institutions to hedge foreign exchange risk.

Significant Investment Held and Future Plans for Material Investment and Capital Assets

During the year ended 31 December 2025, the Group did not have any significant investment, and there was no plan for other material investments or additions of capital assets as at the date of this report.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

For the year ended 31 December 2025, there were no material acquisitions or disposals of subsidiaries, associates and joint ventures.

Charge on Assets

As at 31 December 2025, no property, plant and equipment was pledged.

Employees and Remuneration Policies

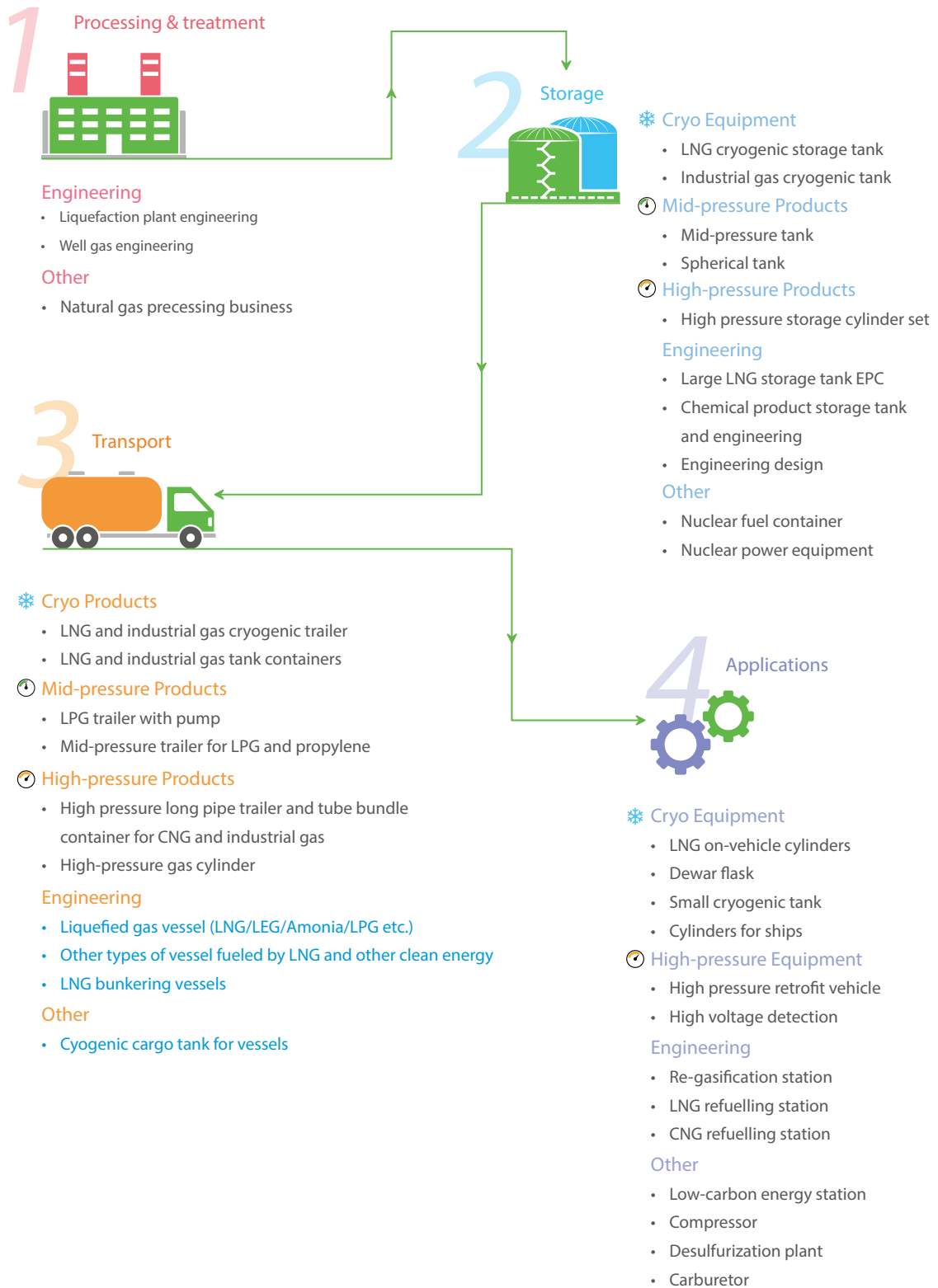
As at 31 December 2025, the total number of employees of the Group was approximately 12,100 (2024: approximately 12,000). Total staff costs (including directors' emoluments, retirement benefits scheme contributions and equity-settled share-based payment expenses) were approximately RMB2,510,447,000 (2024: RMB2,619,654,000).

As an equal opportunity employer, the Group's remuneration and bonus policies are determined with reference to the performance, qualifications, and experience of individual employee and prevailing market rate. Other benefits include contributions to statutory mandatory provident fund scheme to employees in Hong Kong, contributions to government pension schemes to employees in Mainland China, and operation of various pension plans which are funded through payments to insurance companies for employees in Europe.

During the year ended 31 December 2025, no Directors waived their remuneration.

CATALOG FOR MAIN PRODUCTS OF CIMC ENRIC

⚡ Clean Energy



⚡ Clean Energy-Hydrogen Energy



Instructions:

- Clean energy is classified according to 4 levels.
 - Level 1, 2 categories, namely clean energy excluding hydrogen energy and hydrogen energy business
 - Level 2, according to the upper, middle and downstream business is divided into 4 categories: processing & treatment, storage, transport, and applications
 - Level 3, according to the nature of the product, is divided into 5 categories: cryo products, mid-pressure products, high-pressure products, engineering and other
 - Level 4, the specific product name in both Chinese and English
- Chemical & environmental and liquid food are classified according to 2 levels.

DIRECTORS AND SENIOR MANAGEMENT

Directors

Mr. Gao Xiang

Chairman, Non-executive Director, chairman of Sustainable Committee and a member of Nomination Committee

Mr. Gao, born in 1965, joined the Group as the General Manager in January 2009, was appointed as an Executive Director in September 2009, was re-designated to be the Chairman of the Board from the General Manager in April 2015, and was re-designated to be a Non-executive Director of the Company in January 2021. He graduated from the Tianjin University (天津大學), majoring in marine and vessel engineering, and is a senior engineer. From 1999 to 2008, Mr. Gao was the general manager of Tianjin CIMC North Ocean Containers Co., Ltd. (天津中集北洋集裝箱有限公司), Tianjin CIMC Containers Co., Ltd. (天津中集集裝箱有限公司), Tianjin CIMC Logistics Equipment Co., Ltd. (天津中集物流裝備有限公司), Tianjin CIMC Vehicles Sales and Service Center (天津中集車輛物流裝備有限公司) and Tianjin CIMC Special Vehicles Co., Ltd. (天津中集專用車有限公司), respectively. Mr. Gao was an assistant to the president of CIMC from 2004 to 2008, was a vice president of CIMC from 2015 to May 2018, was an executive vice president of CIMC from May 2018 to August 2020 and was a director of CIMC from October 2020 to March 2021. He is currently the president of CIMC. He also holds directorships in certain subsidiaries of CIMC and the Company.

Mr. Yang Xiaohu

President, Executive Director and a member of Sustainable Committee

Mr. Yang, born in 1975, is the President of the Company, an Executive Director and a member of the Sustainable Committee. He graduated from Huazhong University of Science and Technology (華中科技大學), majoring in vessel and marine engineering, and EMBA of China Europe International Business School. Mr. Yang joined CIMC in 1997, and subsequently joined the Group in 2009. He served as an assistant to the general manager of the Company from May 2012 to March 2015 and served as deputy general manager of the Company from April 2015 to October 2017. He was appointed as the Executive Director and the general manager of the Company on 27 October 2017 (the title of "General Manager" has been changed to "President" with effect from 1 January 2023 without any changes to his functions or executive responsibilities). He served as general manager from April 2015 to January 2018 and is currently the chairman of the board of CIMC Safeway Technologies Co., Ltd* (中集安瑞環科技股份有限公司) (formerly known as Nantong CIMC Tank Equipment Co., Ltd* (南通中集罐式儲運設備製造有限公司), shares of which are listed on the ChiNext Market of Shenzhen Stock Exchange). He has been the vice president of China Container Industry Association since 2019. He holds directorships in certain subsidiaries of the Company, including serving as the chairman of the board of CIMC Liquid Process Technologies Co., Ltd. (中集安瑞醇科技股份有限公司) (a subsidiary of the Company quoted on the National Equities Exchange and Quotations).

Mr. Zeng Han

Non-executive Director and a member of Remuneration Committee

Mr. Zeng, born in 1975, was appointed as a Non-executive Director on 18 May 2018. He graduated from Hangzhou Institute of Electronic Engineering with a bachelor's degree in Economics in July 1996, and later graduated from Jiangsu University of Science and Technology with a master's degree in management in June 1999. He joined CIMC in 1999 and has successively served as manager of the accounting division of the financial management department, assistant to the general manager, deputy general manager and executive general manager of financial management department. Mr. Zeng had been the general manager of the former financial department of CIMC since March 2017, and has been the general manager of the financial management department formed by the merger of the former financial department and the former capital management department since January 2018. Mr. Zeng has been chief financial officer of CIMC since 26 March 2020 and has served as vice president and chief financial officer of CIMC since 28 March 2023. Mr. Zeng has been appointed as a non-executive director of CIMC Vehicles (Group) Co., Ltd. (shares of which are listed on the ChiNext Board of Shenzhen Stock Exchange (stock code: 301093.SZ)) since 29 September 2021. He also held a concurrent post as manager of the financial department of the Company from 2009 to 2010. Mr. Zeng is a certified public accountant in China. He holds directorships in certain subsidiaries of CIMC and the Company.

Mr. Wang Xiaoyan**Non-executive Director and a member of Sustainable Committee**

Mr. Wang, born in 1973, has over 20 years of managerial experience. He was appointed as a Non-executive Director on 26 August 2025. He graduated from Jilin University Economics School with a doctoral degree. From July 1995 to March 2021, Mr. Wang successively served in the Ministry of Forestry (currently known as State Forestry Administration) and the General Office of the State Council. He served as a partner at Beijing HongTai TongChuang Investment Management Co., Ltd. (北京洪泰同創投資管理有限公司) from March 2021 to February 2025. Mr. Wang currently serves as a vice president of CIMC (the substantial shareholder of the Company and a company listed on the Main Board of the Stock Exchange (stock code: 2039)) and as an independent director of Origin Asset Management Co., Ltd (泉果基金管理有限公司).

Mr. Wang Yu**Non-executive Director**

Mr. Wang, born in 1972, was appointed as a Non-executive Director on 5 September 2016. He graduated from Dalian Maritime University with Bachelor of Engineering (Transportation Management) in 1993 and Master of Laws (International Economic Law) in 1996. He worked in the legal affair department of China Ocean Shipping (Group) Company from 1996 to 2000 and America International Data Group's branch in China (美國國際數據集團(中國)公司) from 2001 to 2002. Mr. Wang joined CIMC in 2003, and has been the general manager of the legal department of CIMC since 2007. Mr. Wang is currently a non-executive director of CIMC Vehicles (Group) Co., Ltd. (shares of which are listed on the ChiNext Board of Shenzhen Stock Exchange (stock code: 301093.SZ)). He holds a number of directorships in certain subsidiaries of CIMC. Mr. Wang was admitted as a lawyer in the People's Republic of China in 1997 and is currently a non-practising lawyer. Mr. Wang is also an arbitrator of South China International Economic and Trade Arbitration Commission (華南國際經濟貿易仲裁委員會) (also known as Shenzhen Court of International Arbitration 深圳國際仲裁院) and China International Economic and Trade Arbitration Commission.

Mr. Tsui Kei Pang**Independent Non-executive Director and a member of Audit Committee**

Mr. Tsui, born in 1960, was appointed as an Independent Non-executive Director on 11 November 2009. He obtained a bachelor's degree in law (Honours) and a master's degree in law from The University of Hong Kong. He is a solicitor of Hong Kong, a Greater Bay Area Lawyer, a China Appointed Attesting Officer and a Civil Celebrant of Marriages. Mr. Tsui has been a Hong Kong practising solicitor for more than 25 years and is now a partner of Messrs. Anthony Siu & Co. He specialises in Hong Kong and China cross-border commercial legal services. Mr. Tsui is currently serving as an independent non-executive director of ZTE Corporation (a company listed on the Shenzhen Stock Exchange (stock code: 000063) and the Main Board of the Stock Exchange (stock code: 763)). He is also vice president of Association of China-Appointed Attesting Officers Limited and an honorary legal adviser of The Hong Kong Real Estate Association.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Yang Lei**Independent Non-executive Director, Chairman of Nomination Committee, a member of Audit Committee and Remuneration Committee**

Mr. Yang, born in 1974, was appointed as an Independent Non-executive Director on 30 September 2022. He graduated from Northwest University (西北大學) with a bachelor's degree in Petroleum Geology in 1995, and obtained a master's degree in Sedimentology from the Department of Geology of Northwest University in 1998 and a Doctor of Philosophy degree in Mineral Survey and Exploration from China University of Petroleum (Beijing) (中國石油大學(北京)) in 2002. Mr. Yang is currently the vice president and a research professor of the Institute of Energy of Peking University (北京大學能源研究院). Mr. Yang had held various positions at the National Development and Reform Commission and the National Energy Administration from July 2002 to April 2016. Mr. Yang had served as the first Senior Advisor from China to the Executive Director of the International Energy Agency from May 2016 to May 2019. Mr. Yang had served as the chairman of the Coordination Committee of the International Gas Union (國際燃氣聯盟協調委員會) until May 2025. Mr. Yang has nearly 25 years of extensive experience in strategic research and practical experience in the energy industry, and has dedicated himself to promote clean energy transition, market-oriented energy reform and global energy governance research. The Institute of Energy of Peking University, which was co-founded by Mr. Yang, has played a significant role in promoting energy transition and carbon neutrality domestically and abroad.

Ms. Wong Lai, Sarah**Independent Non-executive Director and chairman of Audit Committee**

Ms. Wong, born in 1978, was appointed as an Independent Non-executive Director on 24 August 2023. She has over 20 years of experience in corporate finance, capital markets, initial public offerings, mergers and acquisitions and placement projects. Ms. Wong had previously served as the deputy head of Investment Banking Division and head of Coverage and Financial Sponsors of the group of Guotai Junan International Holdings Limited (a company listed on the Stock Exchange (stock code: 1788)) in Hong Kong, the head of Financial Sponsor team under the Global Coverage Department of BOC International Holdings Limited, the senior vice president of Fixed Income Division of the Greater China Region of DBS Bank (Hong Kong) Limited, a director of Debt Capital Markets Department of BOC International and a senior auditor at PricewaterhouseCoopers. Ms. Wong has been appointed by the Stock Exchange as a member of the Listing Review Committee since July 2025. Ms. Wong is currently serving as an independent non-executive director of ENN Energy Holdings Limited (a company listed on the Main Board of the Stock Exchange (stock code: 2688)). Ms. Wong is also currently serving as a non-executive director of The Child Development Centre, which is a Hong Kong registered charity. Ms. Wong graduated from the London Metropolitan University in the United Kingdom with an Honours Bachelor's Degree in accounting in 2001. Ms. Wong is a fellow member of the Association of Chartered Certified Accountants, and a responsible officer licensed under the SFO to carry on Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities.

Ms. Qiu Hong

Independent Non-executive Director, Chairman of Remuneration Committee, a member of the Audit Committee and Nomination Committee

Ms. Qiu, born in 1970, was appointed as an Independent Non-executive Director on 30 September 2024. Ms. Qiu has over 25 years of rich experience in investment banking and private equity investment across Asia and the United States of America. Ms. Qiu joined Lazard Asia (Hong Kong) Limited in 2014 and is currently serving as the Managing Director and the Chairman and Chief Executive Officer of Investment Banking in Greater China Region. Prior to that, Ms. Qiu served at (i) Morgan Stanley Asia Limited between 2010 and 2014, where she had subsequently served as an executive director and the managing director; (ii) Citigroup Global Markets Asia Limited between 2007 and 2010, where she had subsequently served as the vice president and director. Additionally, between 1999 and 2007, Ms. Qiu held the position of senior investment officer at EMP Global, managing the AIG Asian Infrastructure Fund. Ms. Qiu's advisory expertise spans numerous cross-border merger and acquisition transactions involving Asian companies, with a particular focus on sectors such as power, energy, infrastructure, diversified industrials, and clean tech. Her profound understanding of China's outbound merger and acquisition regulatory framework, combined with her extensive network among central and provincial state-owned enterprises, entrepreneur-owned enterprises, and financing banks, distinguishes her in the field. Moreover, Ms. Qiu represented multinational companies in their acquisitions, strategic partnerships, and divestitures. Ms. Qiu is a responsible officer for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and a Chartered Financial Analyst (CFA) charterholder. Ms. Qiu actively contributes to the financial community, notably leading a panel at the Hong Kong Green Finance Association and served as a member of the Thunderbird Finance Advisory Committee. Ms. Qiu holds a Master of Business Administration degree with Honours from Thunderbird, the American Graduate School of International Management.

Senior Management**Mr. Gao Wenbao**

Vice President

Mr. Gao, born in 1973, is currently the Vice President of the Company responsible for the offshore clean energy business. He is also the president of the Company's offshore gas business unit. Mr. Gao graduated in Jilin University of Technology (吉林工業大學), majoring in machinery enterprise management. Mr. Gao worked first in the enterprise management department of Tianjin Xiali Automobile Engine Plant and then in the general manager's office in Tianjin Xiali Automobile Holdings Limited from August 1995 to September 2008, and was a manager of the enterprise management department, a manager of the human resources department and an assistant to general manager of Tianjin CIMC North Ocean Container Co., Ltd. from October 2000 to September 2009. He joined the Company in October 2009, and was a manager of the Company's enterprise management department, an assistant to general manager, the deputy general manager of the Company and the vice president of the Company's hydrogen energy business unit, have also served as the general manager of Nantong CIMC SinoPacific Offshore & Engineering Co., Ltd (南通中集太平洋海洋工程有限公司, a wholly-owned subsidiary of the Company) since 2017.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Ju Xiaofeng**Vice President**

Mr. Ju, born in 1968, is currently the Vice President of the Company responsible for energy equipment and engineering business. He is also the president of the Company's energy equipment and engineering business unit, and he is the vice president of China Industrial Gas Association. He graduated from Nantong University, majoring in mechanical design and obtained master degree of MBA of Nanjing University of Science & Technology. Mr. Ju worked in Nantong Electric Motor Factory from 1989 to 1997. He joined the Group in March 1997 and served as deputy manager of production department and manager of enterprise management department of CIMC Nantong base, manager of enterprise management department of Taicang CIMC, general manager of enterprise management department of the Company, assistant to general manager and chief operation officer, and was appointed as deputy general manager in January 2021. He concurrently served as the general manager of the Company's energy equipment and engineering business unit since 2020. He was deputy general manager and executive deputy general manager of CIMC Safeway Technologies Co., Ltd* (中集安瑞環科技股份有限公司) (formerly known as Nantong CIMC Tank Equipment Co., Ltd* (南通中集罐式儲運設備製造有限公司), a wholly-owned subsidiary of the Company) from 2012 to 2014, general manager of Nantong CIMC Energy Equipment Co., Ltd. (a wholly-owned subsidiary of the Company) from 2015 to 2016. He also holds directorships in certain subsidiaries of the Company.

Mr. Fang Jianping**Vice President**

Mr. Fang, born in 1966, is currently the Vice President of the Company responsible for integrated energy systems solutions business. He graduated from Tongji University, majoring in thermal energy and dynamic mechanism as well as Business Administration, and obtained a bachelor's degree in engineering and a master's degree in business administration. He joined the Group and served as vice president in January 2023. Since 1989, he has successively served in multiple managing roles in Shanghai Astronautics Energy Co., Ltd., Shanghai Institute of Space Propulsion, Shanghai Aerospace Smart Energy Technology Co., Ltd., Shanghai Fiorentini Gas Equipment Co., Ltd., and Shanghai Aerospace Industry (Group) Co., Ltd. He has also served as the general manager of CIMC ENRIC Energy Systems (Shanghai) Co., Ltd (中集安瑞科能源系統(上海)有限公司, a wholly-owned subsidiary of the Company) since 2023.

Mr. Xu Yongsheng**Assistant to President**

Mr. Xu, born in 1974, has been the assistant to president of the Company since January 2025. He is also the vice president of the energy equipment and engineering business unit since 2020 and the vice president of the Company's hydrogen energy business unit since 2025. Mr. Xu graduated from Xuzhou Institute of Technology (徐州工程學院), majoring in accounting. He is a senior economist and a model worker of Zhangjiagang City. From 1995 to 2004, he worked successively at Zhangjiagang No.2 Chemical Machinery Factory (張家港市第二化工機械廠) and Zhangjiagang Sanctum Chemical Machinery Co., Ltd. (張家港市聖達因化工機械有限公司). He joined the Group in September 2004 and has successively held the positions of engineering department manager, assistant to the general manager of the management department, deputy general manager, executive deputy general manager and general manager of Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd. He has also served as the general manager of Nantong CIMC Energy Equipment Co., Ltd. (a wholly-owned subsidiary of the Company) since January 2017.

Mr. Zheng Zhijun**Assistant to President**

Mr. Zheng, born in 1969, has been the assistant to president of the Company since January 2025. He is also the vice president of the energy equipment and engineering business unit since 2022. Mr. Zheng graduated from People's Liberation Army Military Management College (中國人民解放軍軍事管理學院), majoring in accounting. He is a PRC Certified Public Accountant, Senior Accountant, and Senior Business Administrator. He has received numerous honors, including Hubei Province Young Model Worker, Jingmen City Young Entrepreneur, Jingmen City Youth May Fourth Medal, Jingmen City Model Worker, and 2018 Jingmen City Entrepreneur with Outstanding Contribution to High-Quality Development. From 1991 to 2004, Mr. Zheng worked at Jingmen Hongtu Aircraft Manufacturing Plant, and from 2004 to 2008 at Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd. He joined the Group in August 2008 and has since held various positions, including Board Secretary, Deputy General Manager, Chief Accountant and Finance Manager of CIMC Enric Jingmen Hongtu Company. Between 2017 and 2024, Mr. Zheng served as Party Committee Secretary and General Manager of CIMC Enric Jingmen Hongtu Company. He also served as the Chairman of CIMC Enric Jingmen Hongtu Company, and Party Committee Secretary and General Manager of CIMC Enric Engineering Technology Co., Ltd since January 2025.

DIRECTORS AND SENIOR MANAGEMENT**Ms. Zhong Yingxin****Company Secretary**

Ms. Zhong, born in 1976, is the Company Secretary of the Company, responsible for implementation of good corporate governance, investor relations, branding and corporate communications and major capital market transactions. She is an Associate Member of The Hong Kong Chartered Governance Institute. Ms. Zhong graduated from Zhongnan University of Economics and Law and majored in legal English and economic law and received Master's degrees in management (finance) and business administration from Macquarie University in Australia. Ms. Zhong also holds a Master's degree of corporate governance from Hong Kong Metropolitan University (formerly known as The Open University of Hong Kong). Ms. Zhong joined the Company in year 2020 as the Deputy Head of Board Secretary Office and Investor Relations Director, and was appointed as the Company Secretary on 31 December 2021. Prior to joining the Company, Ms. Zhong worked in the several positions of investor relations and investment business development in various listed companies with rich industrial and professional experience.

Mr. Lai Zeqiao**Financial Controller**

Mr. Lai, born in 1977, is the Financial Controller of the Company, responsible for financial management, accounting and financial reporting, internal control, taxation and treasury management of the Company. He was appointed as the Financial Controller in April 2022. Mr. Lai graduated from Shenzhen University and obtained a bachelor's degree in management. He is a certified public accountant in China and holds a Chartered Global Management Accountant certificate. He joined the Company in 2019. He has been serving as general manager of finance department. Before joining the Company, he served as audit manager in Ernest & Young from 2000 to 2007; he then worked as financial controller in TCL from 2007 to 2010 and CFO of Asia Pacific Petroleum Group Co., Ltd. from 2010 to 2013; between 2013 and 2014, he was appointed as an executive director of Xinjiang TCL Capital Investment Co. Ltd; between 2014 and 2018, he was appointed as vice president in Hotchip Technology in Shenzhen. Mr. Lai has extensive experience in finance and accounting management, internal control, taxation and treasury management.

CORPORATE GOVERNANCE REPORT

Corporate governance is the collective responsibility of the board of directors of the Company (the “Board”). The Board strongly believes that stakeholders’ confidence and faith in the Company comes with good corporate governance, which is fundamental to creating long-term sustainable growth for shareholders and delivering long-term values to all stakeholders. The principles of the Company’s corporate governance practices emphasise an effective board, prudent risk management and internal control systems, transparency and quality disclosure, taking prompt actions in responding to identified improved opportunities and, most importantly, accountability to shareholders.

Corporate Culture

The Company deeply believes that a healthy corporate culture is not only the core of good governance, but also the soul of an enterprise and an essential part of sustainable development. In light of the vision to be an industry-leading high-tech enterprise in clean energy, chemical and environmental, and liquid food industries, the Company develops its corporate culture according to the operating environment, values and strategies, including the value of acting lawfully, ethically, responsibly and the same belief concepts in the aspects of environmental protection, occupational health and safety, employee care and talent cultivation, etc., thereby stimulating the enterprise vitality, and endeavours to become a respected innovative enterprise to provide high-quality and reliable equipment and comprehensive value-added services to customers, generate sound returns for shareholders and employees, and create sustainable value for society.

Corporate Governance Practices

Continued efforts have been undertaken in reviewing and enhancing the quality of corporate governance practices with reference to local and international standards. Since its listing on the Stock Exchange in October 2005, the Company has adopted the Corporate Governance Code (the “CG Code”) (version up to 30 June 2025) contained in Part 2 of Appendix C1 to the Rules Governing the Listing of the Securities on the Stock Exchange (the “Listing Rules”) as its principal guideline in relation to corporate governance practices. On 1 July 2025, the amendments to the CG Code came into effect and the requirements under the new CG Code will apply to corporate governance reports for financial years commencing on or after 1 July 2025.

The following policies and guidelines in connection with corporate governance are periodically reviewed and constitute supplementary components in the Company’s governance framework:

- Policy on the Appointment of Directors;
- Director and Senior Management Remuneration Policy;
- Roles and Responsibilities of the Board and Senior Management;
- Procedures for Directors to seek Independent Professional Advice;
- Division of Responsibilities between the Chairman and the President of the Company;
- Procedures for Disclosure of Interests in Shares of the Company and its Associated Corporations;
- Code for Securities Transactions by Relevant Persons;
- Procedures for Shareholders to Propose a Person for Election as a Director;
- Shareholders’ Communication Policy;

Corporate Governance Practices *(Continued)*

- Whistleblowing Policy;
- Integrity and Compliance Code*;
- Anti-Corruption and Fraud Policy;
- Information Disclosure Policy;
- Multi-level Listed Company Corporate Governance, Code of Practice for Information Disclosure;
- Board Diversity Policy;
- Nomination Policy; and
- Dividend Policy.

Note * Integrity and Compliance Code (“the Code”) was adopted by the Board in August 2023, which applies to all units and employees of the Company. The personnel who represent or act on behalf of the Company and all business partners of the Company (including but not limited to consultants, suppliers, contractors, subcontractors, agents, distributors, joint venture partners) and other stakeholders who are involved in our work shall comply with the relevant requirements of the Code.

During the year ended 31 December 2025, the Board has reviewed the above policies and guidelines and considered that the implementation of the policies and guidelines were effective.

Corporate Governance Code Compliance

Throughout the year ended 31 December 2025, the Company complied with all the code provisions of the CG Code.

Securities Transactions by Directors

The Company has issued and adopted its own Code for Securities Transactions by Relevant Persons as the code of conduct regarding dealing in securities of the Company by the Directors and specific employees of the Company or its subsidiaries or holding companies who, because of his office or employment, is or is likely to possess inside information in relation to the Company or its securities. Such code is on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix C3 to the Listing Rules.

Each Director is required to confirm with the Company in writing, twice a year, that he has complied with the Model Code. Having made specific enquiry with the Directors, all the Directors have confirmed that they complied with the required standards thereof throughout the year ended 31 December 2025.

Board of Directors

The Board

The Board assumes the responsibility for leadership and control of the Group, and is collectively responsible for promoting the success of the Group.

Decisions which are taken by the Board include those relating to:

- long-term direction and objectives;
- strategic business development;
- corporate governance;
- risk management and internal control systems assessment;
- material financing projects;
- material acquisitions and disposals;
- interim and final results and dividends;
- connected and major transactions;
- appointments to the Board; and
- remuneration of the senior management.

The Board meets regularly to keep abreast of the business and operational performance of the Group. In 2025 and up to the date of this report, the Board, amongst others:

- reviewed the performance and formulated business strategies of the Group;
- reviewed and approved financial statements of the Group for the two years ended 31 December 2024 and 2025, and for the six months ended 30 June 2025 respectively;
- reviewed the effectiveness of risk management and internal control systems taken by the Group;
- reviewed and determined the remuneration packages of all Directors;
- reviewed the structure, size and composition of the Board;

Board of Directors *(Continued)*

The Board *(Continued)*

- approved the operating data and indicators for the three months ended 31 March 2025, the third quarter of 2025, and the nine months ended 30 September 2025;
- reviewed and approved the Group's 2024 Environmental, Social and Governance Report;
- approved the voluntary announcements in relation to the increase in shareholding by controlling shareholder;
- approved the announcements in relation to the principal audited financial data of CIMC Safeway for the year ended 31 December 2024, the principal unaudited financial data of CIMC Safeway for the first quarter ended 31 March 2025, the six months ended 30 June 2025, the third quarter ended 30 September 2025;
- approved the announcement in relation to the principal audited financial data of CLPT for the year ended 31 December 2024, the principal unaudited financial data of CLPT for the six months ended 30 June 2025;
- approved the announcement in relation to the change in composition of board committees;
- approved the announcements in relation to the change of non-executive directors and change in composition of sustainable committee;
- approved the continuing connected transactions in relation to (1) financial services framework agreement (2025); (2) master sales agreement (2025) and (3) master procurement agreement (2025) and approved the announcements and circular regarding the related extraordinary general meeting;
- approved the voluntary announcements in relation to on-market repurchase of shares; and
- approved the announcements in relation to the placing of new shares under general mandate.

The Board is also responsible for performing the corporate governance functions of the Company, including developing, reviewing and monitoring the Company's policies and practices on corporate governance, reviewing and monitoring the training and continuous professional development of Directors and senior management, compliance with legal and regulatory requirements and the code applicable to employees and Directors; reviewing the Company's compliance with the CG Code and disclosure in its Corporate Governance Report.

In 2025 and up to the date of this Report, the Board, among others, performed the following corporate governance functions:

- reviewed the disclosure in the Corporate Governance Reports set out in the Company's Annual Reports for 2024 and 2025 respectively; and
- approved and adopted the revised Terms of Reference of Nomination Committee.

The Company has taken out director's liability insurances for the directors, which provides protection to the directors for liabilities that might arise in the course of their performance of duties according to law and facilitate directors to fully perform their duties.

Board of Directors *(Continued)*

Chairman and President

The management of the Board and the day-to-day management of the Group's business are clearly divided and separately undertaken by the Chairman and the President to ensure a balance of power and authority. The roles of the Chairman and the President are segregated with a clear division of responsibilities set out in writing.

The Chairman is responsible for overseeing the effective functioning of the Board, setting the Group's strategies and direction, identifying business goals and the related business plans, monitoring the performance of senior management, and establishing good corporate governance practices. The Chairman of the Company had met with Non-executive Directors (including Independent Non-executive Directors) from time to time without the Executive Director present during the year 2025. Moreover, the Chairman held a meeting with the Independent Non-executive Directors without the presence of other Directors.

The President focuses on leading the senior management to execute the strategies and plans set out by the Board and reporting to the Board on the Group's operation from time to time to ensure proper discharge of duties delegated by the Board.

Non-executive Directors and Independent Non-executive Directors

Non-executive directors do not belong to the management of the Company as they do not participate in the daily operation and management of the Group. However, they are also not considered to be independent. Independent non-executive directors are independent directors who meet the independence criteria under the Listing Rules. The non-executive directors (including the independent non-executive directors) of the Company have a term of appointment of three years. They have the same duties of care and skill and fiduciary duties as the executive director. They possess skills and experience in other aspects (such as financing and accounting, law, information technology, etc.) other than the Group's business knowledge, which helps to enhance the Board's balance of skills, experience and diversity of perspectives, whereby playing an important role on the Board.

The non-executive directors (including independent non-executive directors) serve as members of the Company's Board committees (including audit, remuneration, nomination and sustainable committee) and other responsibility committees, provide independent judgment to the Board to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct, and monitor the Company's performance in achieving agreed corporate goals and objectives and the relevant reporting.

Board of Directors *(Continued)*

Non-executive Directors and Independent Non-executive Directors*(Continued)*

The Independent Non-executive Directors are particularly responsible for bringing an independent judgement on the Board. They take the lead where potential conflicts of interests arise and monitor the Company's performance in achieving agreed corporate goals and objectives and the relevant reporting.

In relation to each connected transaction or other transaction of the Company that requires independent shareholders' approval, an independent board committee comprising Independent Non-executive Directors who have no interests therein will be formed to give an independent opinion on the transaction.

During the year, the Board has at all times complied with the requirements of the Listing Rules regarding the qualification and number of the non-executive directors, including the appointment of at least three independent non-executive directors, of which at least one has appropriate professional qualification, or accounting or related financial management expertise pursuant to Rule 3.10 of the Listing Rules, and pursuant to the requirement of Rule 3.10A of the Listing Rules, the Company's independent non-executive directors representing at least one-third of the Board.

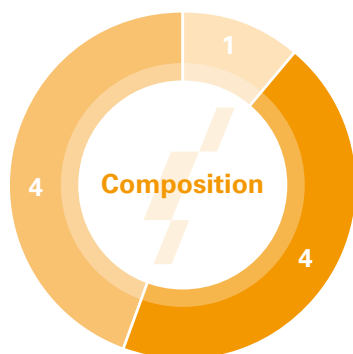
Although Mr. Tsui Kei Pang has served the Company for more than nine years, during his tenure of office, Mr. Tsui does not participate in the daily management of the Company, and has been able to fulfill all the requirements regarding independence of an independent non-executive Director (including providing the annual confirmation of independence to the Company under Rule 3.13 of the Listing Rules) and provide different professional opinion from legal, compliance and regulatory perspectives to the Board, which has a positive effect on the corporate governance of the Company. Through exercising the scrutinising and monitoring function of an independent non-executive Director, Mr. Tsui has contributed to establishing a Board that operates with integrity, efficiency and good corporate governance, in line with the interest of Shareholders. Hence, the Nomination Committee and the Board consider that Mr. Tsui has discharged his duties as an independent non-executive Director to the satisfaction of the Board during his tenure of office, and believe that his valuable professional knowledge and good business acumen will continue to generate contribution to the Board, the Company and the Shareholders as a whole.

The Company has received from each independent non-executive director a written confirmation of his/her independence. With reference to such confirmations, the Company, to its best knowledge, considers that all the independent non-executive directors have fulfilled the guidelines on independence as set out in Rule 3.13 of the Listing Rules and all to be independent.

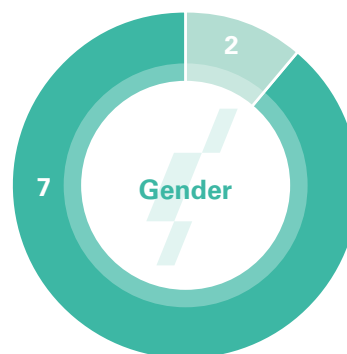
Board of Directors *(Continued)*

Board Composition

The Board consists of nine members, made up of one Executive Director, four Non-executive Directors and four Independent Non-executive Directors (which constitutes over one-third of the Board, bringing in a sufficient independent voice). There are two female Directors and seven male Directors. Details are as follows:



- Executive Director 11.2%
- Non-executive Directors 44.4%
- Independent Non-executive Directors 44.4%



- Female
- Male

Executive director	Non-executive directors	Independent non-executive directors
Mr. Yang Xiaohu <i>(President)</i>	Mr. Gao Xiang <i>(Chairman)</i> Mr. Zeng Han Mr. Wang Xiaoyan Mr. Wang Yu	Mr. Tsui Kei Pang Mr. Yang Lei Ms. Wong Lai, Sarah Ms. Qiu Hong

The list of Directors and their roles and functions has been published on the websites of the Stock Exchange and the Company.

Board of Directors *(Continued)*

Board Composition *(Continued)*

Reference is made to the announcement of the Company dated 26 August 2025, where it was announced that Mr. Wang Xiaoyan was appointed as a non-executive Director with effect from 26 August 2025, and the resignation of Mr. Yu Yuqun as a non-executive Director on the same day.

Mr. Wang Xiaoyan had obtained legal advice in relation to the requirements, duties and obligations under the Listing Rules that are applicable to him as a director of a listed company on 19 August 2025 pursuant to Rule 3.09D of the Listing Rules. Mr. Wang Xiaoyan had confirmed that he understood his obligations as a Director of the Company.

The Board members come from a wide range of professional and educational backgrounds, including legal, accounting and corporate finance, economics, academic, management and industry expertise. They bring a diverse and balanced set of skills and experience to the Board, contributing to the effective direction of the Group. Independent non-executive directors are committed to ensuring that the Board safeguards the interests of all the shareholders of the Company, and take into account the concerns of stakeholders ensuring the fairness and reasonableness of the Board resolutions to promote the sustainable development of the Company. Latest biographical details of all Directors are given in the section headed "Directors and Senior Management" on pages 50 to 56 and on the Company's website.

No relationship (neither financial, business nor family) exists among members of the Board and the senior management of the Company as at the date of this report.

Time Devotion of Directors

The Directors shall make decisions objectively in the best interests of the Group as a whole. They meet regularly to keep abreast of its conduct, business activities, operational performance and latest developments. Details of Director's attendance at Board and Board Committee meetings and general meetings held in 2025 and in 2026 (up to the date of this report) are set out in the paragraph headed "Director's Attendance" in this section.

The Directors ensure that they can give sufficient time and attention to the affairs of the Company. All Directors have disclosed to the Company, upon their appointment, and in a timely manner for any change, their offices held in public companies or organisations and other significant commitments (if any). They need to disclose to the Company from time to time for any changes and the time involved annually. No independent non-executive directors of the Company served seven listed companies or more. Information of Directors' office in other companies which is of significant nature is set out on pages 50 to 53 and on the Company's website.

The Company has also formulated the Board attendance policy during the year that unless there is a special reason or the low attendance rate due to a small number of meetings, the attendance rate of the directors in the Board meetings and major committees meetings of the Company should not be less than 80%. The attendance rate of all the directors of the Company in 2025 was above this target, and the overall attendance rate of all the directors in the meetings had reached 100%. The directors of the Company have also confirmed that they have given sufficient time and attention to the affairs of the Company for the year ended 31 December 2025.

Board of Directors *(Continued)*

Meetings of the Board

Notice of a regular Board meeting is given to all Directors at least 14 days in advance. Directors are invited to include items which they wish to be included in the agenda for the same to be finalised and are given the relevant meeting papers at least three days prior to a Board or Board Committee meeting.

Directors are properly briefed on agenda items and provided with opportunities to raise questions or comment at meetings. Where necessary, professional advisers will be invited to attend the meeting to give expert advice and explanations to the Directors on agenda items.

The Company has adopted the following practices to keep the directors informed of the latest information about the Group and facilitate the working of an effective and accountable Board:

- The Company's public relations service company informs the executive director of the news relating to the Company on every working day.
- The management timely communicates the possible reasons causing the significant fluctuation in stock price that they are aware of.
- Send the report about the operational, investment and financial performance of the Group to the directors of the Company on a monthly basis.
- Send the investor relations report about the capital market updates and the highlights of the recent communications with investors on a monthly basis.
- Send the progress of capital investment projects approved by the directors of the Company on a quarterly basis or when there is significant progress.
- As most of the directors of the Company are on occasional, and sometimes unexpected, business trips and/or are stationed in different regions of China, it may, in practice, be inconvenient to convene a full Board meeting on a frequent basis. Apart from encouraging them to attend in person, the directors could attend the meeting through electronic means of communication. For simple and straight forward Board resolutions, or a resolution that has been fully communicated through different communication channels and obtained the consent of all directors before the meeting, the Company Secretary will suggest the resolutions to be passed in the form of a written resolution with the relevant materials circulated together with draft resolutions to the full Board. Hence, the Board may review and approve certain issues in the form of a written resolution. Nevertheless, to decide on any matter in relation to a notifiable transaction, a Board meeting will be convened; and to decide on any matter in which a substantial shareholder or a Director has a material interest, a Board meeting will be held with the presence of Independent Non-executive Directors who, and whose associates, have no interest in such matter.
- Where a director is unable to attend a meeting, he/she is informed about the matters to be discussed and encouraged to express his/her views to the Chairman of the Board or the Company Secretary (or his/her assistant) prior to the meeting.
- Agree and execute the next annual plan for Board meetings and Board committee meetings as well as corporate events with directors by the Company Secretary in December every year to reserve their times for attendance.

CORPORATE GOVERNANCE REPORT

Board of Directors *(Continued)***Meetings of the Board** *(Continued)*

- The Chairman and the senior management will ensure all Directors (including the Non-executive Directors) have access to adequate, complete and timely information so that they can make informed decisions and discharge their duties and responsibilities as Directors. Directors may request further briefing or explanation on any aspect of the Group's operations or business and seek advice from the Company Secretary or his/her assistant on company secretarial and regulatory matters, including board procedures and corporate governance practices. Where appropriate, they can also seek independent professional advice at the Company's expenses pursuant to the "Procedures for Directors to seek Independent Professional Advice" adopted by the Board.

The Company Secretary or his/her assistant is responsible for taking minutes of Board and Board Committee meetings with details of the matters considered by the Board and decisions reached, including any concerns raised by the members of the Board or dissenting views expressed, as well as the recommendations to improve the Company's corporate governance and internal control systems. Draft minutes and written resolutions will be circulated to all Board members or Board Committee members for review and comment for a reasonable period. Final version of the minutes and written resolutions will be provided for record within a reasonable time (generally within 14 days after the meeting). Minutes of the Board meetings and Board committees meetings have been recorded in sufficient details, and the signed copies are kept in the Company's minutes book maintained by the Company Secretary for Directors' inspection.

Director's Attendance

	No. of meetings attended during the Director's tenure during 2025					
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Sustainable Committee	General Meetings
<i>Non-executive Director</i>						
Mr. Gao Xiang (<i>Chairman</i>)	8/8	-	-	2/2	1/1	2/2
<i>Executive Director</i>						
Mr. Yang Xiaohu (<i>President</i>)	8/8	-	-	-	1/1	2/2
<i>Non-executive Directors</i>						
Mr. Yu Yuqun (Note 1)	7/7	-	-	-	1/1	1/1
Mr. Zeng Han	8/8	-	2/2	-	-	2/2
Mr. Wang Xiaoyan (Note 1)	2/2	-	-	-	-	1/1
Mr. Wang Yu	8/8	-	-	-	-	2/2
<i>Independent Non-executive Directors</i>						
Mr. Tsui Kei Pang (Note 2)	8/8	3/3	1/1	-	-	2/2
Mr. Yang Lei	8/8	3/3	2/2	2/2	-	2/2
Ms. Wong Lai, Sarah	8/8	3/3	-	-	-	2/2
Ms. Qiu Hong (Note 2)	8/8	3/3	1/1	2/2	-	-

Note:

- On 26 August 2025, Mr. Wang Xiaoyan was appointed as a non-executive director of the Company. On the same day, Mr. Yu Yuqun resigned as a non-executive director of the Company.
- On 1 June 2025, Mr. Tsui Kei Pang ceased to serve as the chairman of the Remuneration Committee. On the same day, Ms. Qiu Hong was appointed as the chairman of the Remuneration Committee.

Board of Directors (Continued)

Director's Attendance (Continued)

	No. of meetings attended during the Director's tenure between 1 January 2026 and the date of this report					General Meetings
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Sustainable Committee	
<i>Non-executive Director</i>						
Mr. Gao Xiang (Chairman)	2/2	-	-	1/1	1/1	-
<i>Executive Director</i>						
Mr. Yang Xiaohu (President)	2/2	-	-	-	1/1	-
<i>Non-executive Directors</i>						
Mr. Zeng Han	2/2	-	1/1	-	-	-
Mr. Wang Xiaoyan	2/2	-	-	-	1/1	-
Mr. Wang Yu	2/2	-	-	-	-	-
<i>Independent Non-executive Directors</i>						
Mr. Tsui Kei Pang	2/2	1/1	-	-	-	-
Mr. Yang Lei	2/2	1/1	1/1	1/1	-	-
Ms. Wong Lai, Sarah	2/2	1/1	-	-	-	-
Ms. Qiu Hong	2/2	1/1	1/1	1/1	-	-

Directors' Training and Professional Development

All Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Company is responsible for arranging and funding suitable training for the Directors, including but not limited to:

- Newly-appointed Directors will be briefed by the Company's legal advisor on director's responsibilities under the relevant legal and regulatory requirements (including but not limited to the Companies Ordinance, the Listing Rules and the SFO). They will also be provided with a memorandum on directors' duties and obligations which assists them in understanding their responsibilities as directors.
- The Chairman or the President will give a general induction on the Group and the Company will provide relevant information and organise various activities, for example, plant visits, to ensure they properly understand the business and governance policies of the Company.
- To update Directors' understanding of the Group's operations and business and refresh their knowledge and skills as directors, the Company will provide Board materials on relevant regulation updates and on issues of significance or on new opportunities of the Group.

Board of Directors *(Continued)*

Directors' Training and Professional Development *(Continued)*

During the year, the newly-appointed Director Mr. Wang Xiaoyan had been briefed by the Company's legal advisor on director's responsibilities under the relevant legal and regulatory requirements (including but not limited to the Companies Ordinance, the Listing Rules and the SFO). He was provided with a memorandum on directors' duties and obligations which assists him in understanding his responsibilities as a director.

During the year, the Company organised one seminar for the Directors relating to the introduction of the 2025 Listing Rules amendments by the Hong Kong Stock Exchange. Nine Directors, namely Mr. Gao Xiang, Mr. Yang Xiaohu, Mr. Zeng Han, Mr. Wang Xiaoyan, Mr. Wang Yu, Mr. Tsui Kei Pang, Mr. Yang Lei, Ms. Wong Lai, Sarah and Ms. Qiu Hong attended the seminar in person. The Directors and senior management have received training materials about the amendments to the Listing Rules for reference as well from the Company Secretary. Due to their own professional capacities, individual Directors also participated in other training relating to the roles, functions and duties as a director of a listed company or further enhancement of their professional development. All the Directors had provided their training records for the year ended 31 December 2025 to the Company.

During the year, the Group explained and provided training to employees on the trends in regulatory policies for environmental, social, and governance information disclosure. A working group comprising senior management of the Company, key functional departments of the Company and the management of key member companies was formed to conduct energy conservation and carbon reduction project for liquefaction plants and research on carbon pricing and green certification.

During the year, the President of the Company updated the business and prospects of the Group in detail to the Board four times, providing the directors of the Company with a detailed update on the operation and business of the Group, as well as the perspective of the industries of clean energy, chemical and environment, and liquid food.

Appointments and Resignations of Directors

The Company has the "Policy on the Appointment of Directors" in place which is a formal, considered and transparent procedure for the appointment of Directors.

The Nomination Committee identifies and recommends to the Board suitable candidates as Directors, taking into account various criteria such as their education, qualification and experience to determine whether their attributes are relevant to the business of the Group and can complement the capabilities of existing Directors, having due regard for the benefits of diversity on the Board, and their independence (in the case of candidates as Independent Non-executive Directors). The committee also makes recommendations to the Board on matters relating to the re-appointment of and succession planning for Directors.

The articles of association of the Company (the "Articles") stipulate that at each annual general meeting (the "AGM") one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years and retiring Directors are eligible for re-election at the AGM at which they retire.

All Non-executive Directors (including the Independent Non-executive Directors) are appointed for a specific term of three years, subject to retirement by rotation.

According to the historical information of the past five years, the average term of re-election of each director is approximately two (2) years.

Board of Directors *(Continued)*

Nomination Policy

The Company has adopted the “Nomination Policy” which sets out the selection criteria and nomination procedure for the appointment of a director, and the details have been uploaded onto the Company’s website. The criteria considered by the Nomination Committee in assessing the suitability of a candidate include, inter alia, skills and experience, diversity, integrity and commitment.

The Nomination Committee will review this policy from time to time, and monitor the implementation of this policy, to ensure the effectiveness of this policy.

Details of the Nomination Committee are set out in the section headed “Delegation by the Board – Nomination Committee” in this report.

Board Diversity Policy and Practice

The Company has adopted the “Board Diversity Policy” which sets out the approach to achieve diversity of the Board. The Company considers that having a diverse Board is of vital importance to the Company’s business development. Details have been uploaded onto the Company’s website and a summary of the Board Diversity Policy is set out below:

- With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board’s composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, educational background, professional qualifications and work experience. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.
- Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, educational background, professional qualifications and work experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.
- The Board will ensure an appropriate balance of gender diversity on the Board by reference to international and local recommended best practice. Single-gender Board will be deemed to be non-compliant with the diversity policy.
- The Board will take opportunities to increase the ratio of female members over time when selecting and making recommendations on eligible candidates for Board appointments, aiming to increase the ratio of female representation on the Board to no less than 20% by or before 2028.

There are two female Directors out of total nine Directors (representing approximately 22.22% of the members of the Board) and in addition to the Directors, we have seven senior management, among which there is one female senior management (representing approximately 14.29% of the members of the senior management). As at 31 December 2025, 16.31% of the Company’s employees were female and 83.69% were male. While the Group strives to achieve the goal of employee diversity to the maximum extent possible, with gender diversity taken into consideration in staff recruitment, there remains limitation due to the nature of the Group’s business, which is to the most part physically demanding, and the industry is dominated by males. The Company will continue to take steps to promote gender diversity at all levels of the Company, including but not limited to the Board and senior management levels, and to develop a pipeline of female senior management and potential successors to the Board.

Board of Directors *(Continued)***Board Diversity Policy and Practice** *(Continued)***Measurable objectives**

For the purpose of promoting gender diversity on the Board, the following measurable objectives were adopted:

- (i) Independence: The Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong element of independence in the Board. The independent non-executive Directors shall be of sufficient calibre and stature for their views to carry weight.
- (ii) Skills and experience: The Board possesses a balance of skills appropriate for the requirements of the business of the Company. The Directors have a mix of finance, academic and management backgrounds that taken together provide the Company with considerable experience in a range of activities.
- (iii) Gender equality: The Board currently consists of two female Directors. The Board's target of having no less than 20% female representation in the Board by or before 2028 has been achieved, which is ahead of schedule.

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

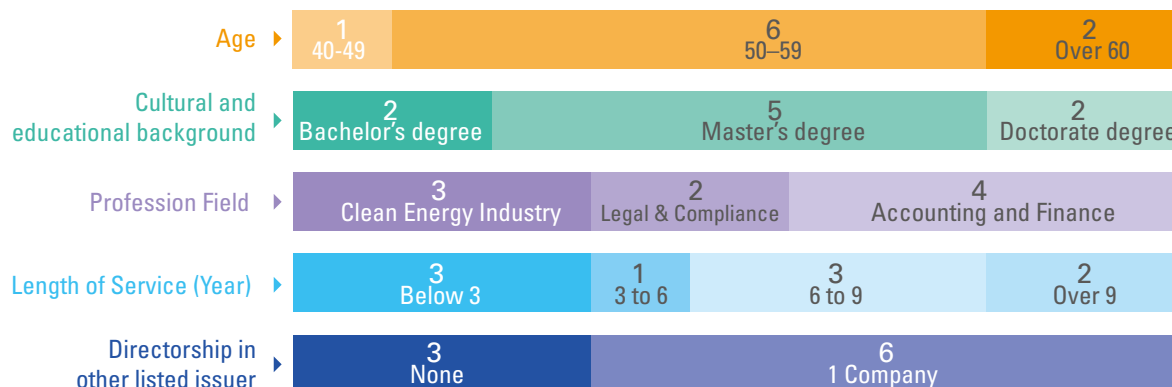
1. Rules 3.10(1): at least one third of the members of the Board shall be independent non-executive Directors;
2. Rules 3.10(2): at least three of the members of the Board shall be independent non-executive Directors; and
3. Rules 3.10A: at least one of the members of the Board shall have obtained appropriate professional qualifications or accounting or related financial management expertise.

The Board has achieved the measurable objectives in the Board Diversity Policy and complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. The Board reviews the implementation and effectiveness of the Board Diversity Policy from time to time, or at least on an annual basis.

The Board holds that the above policy is effective to ensure diversity on the Board.

Board of Directors *(Continued)***Board Diversity Policy and Practice** *(Continued)*

Currently, the Board reflects various genders, cultural and educational backgrounds, and professional development. The directors' average years of service is nearly 8, therefore they have deep knowledge of the Group. They have a broad range of individual attributes, interests and values, and their experiences and skills are balanced, therefore the Nomination Committee and the Board are of the view that the Board is diversified.

**Mechanisms to Ensure Independent Views**

The Company ensures independent views and input are available to the Board via the below mechanisms:

1. The Board composition and the independence of the independent non-executive Directors should be reviewed by the Nomination Committee on an annual basis, in particular the portion of the independent non-executive Directors and the independence of the independent non-executive Director who has served for more than nine years.
2. A written confirmation was received by the Company under Rule 3.13 of the Listing Rules from each of the independent non-executive Directors in relation to his/her independence to the Company. The Company considers all its independent non-executive Directors to be independent.
3. In view of good corporate governance practices and to avoid conflict of interests, the Directors who are also directors and/or senior management of the Company's controlling shareholders and/or certain subsidiaries of the controlling shareholders, would abstain from voting in the relevant Board resolutions in relation to the transactions with the controlling shareholders and/or its associates.
4. The chairman of the Board shall meet with independent non-executive Directors at least once annually.
5. All members of the Board can seek independent professional advice when necessary to perform their responsibilities in accordance with the Company policy.

The Board reviews the mechanisms for ensuring independent views and input are available to the Board on an annual basis, whether in terms of proportion, recruitment and independence of independent non-executive Directors, and their contribution and access to external independent professional advice.

Board of Directors *(Continued)*

Remuneration of Directors and Senior Management

The Company's policy on remuneration is to maintain fair and competitive packages through formal and transparent procedures to attract, retain and motivate talents.

The key components of the remuneration package of Executive Directors and senior management of the Company include basic salary and management bonus. The remuneration packages of Non-executive Directors (including Independent Non-executive Directors) includes a fixed director's fee. Share options were granted as a long-term incentive to motivate Directors and senior management in pursuit of corporate goal and objectives.

The remuneration package consists of fixed and variable remuneration, cash and benefits in kind, including but not limited to: basic salary which is fixed to be commensurate with market rate and each individual's experience and ability; year-end bonus and/or share options granted with reference to an individual employee's position, performance and ability to contribute to the overall corporate success (the granting of share options is subject to shareholders' mandates as required and the applicable laws and regulations of relevant jurisdictions) and/or award shares; and other customary and/or mandatory benefits to employees, such as retirement fund scheme, insurance and paid holiday, with reference to prevailing practices in relevant jurisdictions.

The Remuneration Committee has adopted the model to make recommendations to the Board on the remuneration packages of individual Executive Directors and senior management. The Company has established the "Director and Senior Management Remuneration Policy", a formal and transparent procedure for fixing remuneration packages of all Directors and senior management of the Company. The committee will review such policy periodically, and consult the Chairman and/or President regarding proposed remuneration of other Executive Directors and senior management and make recommendations to the Board of the remuneration of Non-executive Directors in formal or informal meetings. No person shall be involved in deciding his own remuneration.

In evaluating the remuneration packages for directors and senior management of the Company, the Remuneration Committee takes into consideration various factors such as salaries paid by comparable companies, time commitment, responsibilities and employment terms elsewhere in the Group. The remuneration of the executive director and senior management of the Company are linked with the Company and personal performance, such as environmental, social and corporate governance performance indicators. If employees violate applicable rules and regulations, depends on circumstances, his/her year-end performance bonus and/or medium to long term incentives payments, will be deducted as punishment.

Details of the Remuneration Committee are set out in the section headed "Delegation by the Board – Remuneration Committee" in this report.

Details of Directors' remuneration for the two years ended 31 December 2024 and 2025 respectively are listed out in note 11 to the financial statements.

Board of Directors *(Continued)***Remuneration of Directors and Senior Management** *(Continued)*

The remuneration payable to the members of senior management of the Company fell within the following bands for the year 2025:

	Number of individuals
Below HKD1,000,000	1
HKD1,000,001 – HKD1,500,000	2
HKD1,500,001 – HKD2,000,000	2
HKD2,000,001 – HKD2,500,000	1
HKD2,500,001 – HKD3,000,000	1

The above seven senior management also participated in the Share Award Scheme 2020, the 2023 share option grant plan pursuant to the Scheme 2016, the CIMC Safeway Incentive Scheme and/or the CLPT Incentive Scheme (to the extent applicable) respectively. During the year, the share-based payment expenses related to the aforementioned seven individuals aggregated to approximately RMB6,612,000.

Delegation by the Board**Management Functions**

The Board gives clear directions as to the power delegated to the management for the administrative and management functions of the Company.

Division of functions reserved to the Board and those delegated to management are set out clearly in writing and will be reviewed by the Board on a periodic basis and appropriate adjustments may, from time to time, be made to ensure the effective discharge of the Board's decision.

The senior management, led by the President, is responsible for executing strategies and plans set out by the Board and reporting to the Board periodically to ensure proper execution. Functions and responsibilities of the Board are set out in the section headed "Board of Directors" in this report.

Board Committees

To streamline its duties and uphold good corporate governance, the Board allocates certain of its executive and monitoring functions to four committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Sustainable Committee, which are comprised of Directors only.

Each of the committees has adopted clear written terms of reference setting out details of its authorities and duties and obligations on no less exacting terms than the CG Code to report its findings, decisions and recommendations to the Board. Full terms of reference of each of the committees have been published on the websites of the Stock Exchange and the Company.

In common with the Board, senior management will give adequate resources to the committees. The committees can also seek independent professional advice where necessary at the Company's expense and is supported by the Company Secretary.

Delegation by the Board *(Continued)*

Board Committees *(Continued)*

Audit Committee

The Audit Committee is made up of all Independent Non-executive Directors. Ms. Wong Lai, Sarah, being the Chairman of the Audit Committee, has appropriate professional qualifications and 20 years of experience in corporate finance, capital markets and large initial public offerings, acquisitions and mergers, etc., and Ms. Qiu Hong, being a member of the Audit Committee, has appropriate professional qualifications and over 25 years of rich experience in investment banking and private equity investment across Asia and the United States of America. Mr. Yang Lei, being a member of the Audit Committee, is an industrial expert who has over 25 years of extensive experience in strategic research and practical experience in the energy industry, and has dedicated himself to promote clean energy transition, market-oriented energy reform and global energy governance research. Mr. Tsui Kei Pang is a member of the Audit Committee, has appropriate professional qualifications and over 25 years of experience in legal and compliance. All members of the Audit Committee have sufficient experience in reviewing the audited financial statements as aided by auditors and senior management of the Group as well as reviewing the effectiveness of the risk management and internal control systems, the internal audit functions whenever required. None of them is a former partner of the external auditor of the Group. Its major responsibilities are:

- to oversee the relationship with the external auditor, including:
 - (i) making recommendation to the Board on the appointment, re-appointment and removal of the external auditor, approving the remuneration and terms of engagement of the external auditor, and addressing any questions of its resignation or dismissal;
 - (ii) reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; and
 - (iii) developing and implementing policy on engaging the external auditor to supply non-audit services;
- to monitor the integrity of financial statements and reports of the Group and to review significant financial reporting judgements contained therein;
- to review the effectiveness of the Group's financial reporting system, risk management and internal control systems; and
- to review arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action, and act as the key representative body for overseeing the Company's relations with the external auditor.

Delegation by the Board *(Continued)***Board Committees** *(Continued)***Audit Committee** *(Continued)*

The committee meets the external auditor and senior management of the Company regularly. Three Audit Committee meetings were held during the year 2025. The head of finance department, head of internal audit function and the representatives of the external auditor also attended the relevant meetings. Attendance of the members is set out below:

Members	Attendance/ number of meetings held during the Director's tenure	Number of meetings	Attendance	Independence
Ms. Wong Lai, Sarah <i>(Chairman of the Audit Committee)</i>	3/3			
Mr. Tsui Kei Pang	3/3			
Mr. Yang Lei	3/3	3	100%	100%
Ms. Qiu Hong	3/3			

During 2025 and up to the date of this report, the Audit Committee held meetings principally for the following issues:

- made recommendations to the Board on the appointment and reappointment of external auditor, and approved the remuneration and terms of engagement of the external auditor for the year ended 31 December 2025;
- reviewed the effectiveness of the financial reporting procedures and risk management and internal control systems of the Group for each of the year ended 31 December 2024 and 2025 and the six months ended 30 June 2025, and made recommendations to the Board;
- reviewed the integrity of the Group's annual accounts for each of the years ended 31 December 2024 and 2025, and the interim results for the six months ended 30 June 2025 with the external auditor;

Delegation by the Board *(Continued)***Board Committees** *(Continued)***Audit Committee** *(Continued)*

- discussed with the management and external auditor the issues that may have significant impact on the financial statements, including but not limited to account receivables and cash flow management, and risk of impairment, etc.;
- reviewed the continuing connected transactions of the Group during 2025 which were subject to review by the Independent Non-executive Directors under the Listing Rules;
- reviewed the compliance and enforcement of the deed of non-compete undertakings dated 1 June 2009 (the "Deed of Non-compete Undertakings" or the "Deed") made by CIMC in favour of the Company which was subject to annual review by the Independent Non-executive Directors thereunder;
- reviewed the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- discussed with the external auditor the impact of any changes in accounting policies as well as the nature and scope of annual audit and interim review plans before the commencement of the audit work, and their reporting responsibilities;
- reviewed the policy for provision of non-assurance services by external auditor;
- reviewed the external auditor's management letters and the management's response thereto;
- listened to the work report of the head of internal audit functions, and reviewed the effectiveness of risk management and internal control systems of the Group and the whistle-blowing matters semi-annually, and monitored the improvement (if any); and reviewed the work plan for 2026.

In 2025 and up to the date of this report, the Company engaged KPMG as the external auditor of the Group. KPMG provided audit and non-audit services to the Group with remuneration and terms of engagement approved by the Audit Committee, as follows:

Natural of Service	Fees RMB'000
– Audit services	9,519
– Non-audit services:	
Interim review service	1,000
Tax consultation service	964
Other services	203
Sub-total	2,167
Total	11,686

Delegation by the Board *(Continued)*

Board Committees *(Continued)*

Remuneration Committee

The Remuneration Committee is chaired by Ms. Qiu Hong, an Independent Non-executive Director, since her appointment as the chairman of the Remuneration Committee on 1 June 2025. Prior to her appointment, Mr. Tsui Kei Pang, an Independent Non-executive Director, was the chairman of the Remuneration Committee. Its other members are Mr. Zeng Han, a Non-executive Director, and Mr. Yang Lei, an Independent Non-executive Director.

It establishes and supervises a formal and transparent procedure for setting the Company's remuneration policies, including determining and reviewing the remuneration packages of Directors and senior management. Details of the Company's remuneration policies and practices of Directors and senior management are set out in the section headed "Board of Directors – Remuneration of Directors and Senior Management" in this report.

Two Remuneration Committee meetings were held during the year. Attendance of the members is set out below:

Members	Attendance/ number of meetings held during the Director's tenure	Number of meetings	Attendance	Independence
Ms. Qiu Hong (<i>Chairman of the Remuneration Committee</i>) (Note 1)	1/1			
Mr. Zeng Han	2/2	2	100%	67%
Mr. Yang Lei	2/2			
Mr. Tsui Kei Pang (<i>former Chairman of the Remuneration Committee</i>) (Note 1)	1/1			

Note:

- On 1 June 2025, Ms. Qiu Hong was appointed as the chairman of the Remuneration Committee and Mr. Tsui Kei Pang ceased to be the chairman of Remuneration Committee.

Delegation by the Board *(Continued)*

Board Committees *(Continued)*

Remuneration Committee *(Continued)*

In 2025, the Remuneration Committee had, amongst others, having reviewed the remuneration packages and structure for all Directors (except the members of the Remuneration Committee), assessing the performance of executive Directors, made recommendations to the Board on the remuneration packages of the directors and senior management of the Company for year 2025, made recommendations to the Board on the remuneration of the new director and the re-appointed directors of the Company, reviewed the 2023 share options grant plan pursuant to the Scheme 2016, and reviewed the 2024 and 2025 share award grant plans pursuant to the Share Award Scheme 2020 and made recommendations to the Board.

On 21 November 2023, the Company granted a total of 39,500,000 share options to 208 eligible persons in accordance with the share option scheme of the Company adopted on 20 May 2016 (i.e. the Scheme 2016), among which 5,350,000 share options were granted to the Directors (including the independent non-executive Directors) and 34,150,000 share options were granted to 199 other employees of the Group. The aforesaid share options granted to the independent non-executive Directors are not subject to any performance target. After considering (a) each of the independent non-executive Directors' length of service and contribution to the Group; (b) the independent non-executive Directors have contributed to the sustainable development and/or good corporate governance of the Group; and (c) the share options will be vested in tranches over a period of three years from the date of grant, the Remuneration Committee considers that the grant of share options will reinforce the commitment of the independent non-executive Directors to serve the Company while maintaining their objectivity and independence, and is therefore consistent with the objectives of the Scheme 2016.

Nomination Committee

The Nomination Committee is chaired by Mr. Yang Lei, an Independent Non-executive Director, since his re-designation as the chairman of the Nomination Committee on 1 June 2025. Prior to his re-designation, Mr. Gao Xiang, a Non-executive Director, was the chairman of the Nomination Committee. Its other members are Mr. Gao Xiang, a Non-executive Director and chairman of the Board and Ms. Qiu Hong, an Independent Non-executive Director.

It identifies and recommends to the Board of suitable candidates as Directors, makes recommendations to the Board on matters relating to the appointment and re-appointment of and succession planning for Directors, and assesses the independence of Independent Non-executive Directors.

The Board adopted its "Nomination Policy" and "Board Diversity Policy", details had been uploaded onto the Company's website, and the summary of the policies are set out in the sections headed "Board of Directors – Nomination Policy" and "Board of Directors – Board Diversity Policy and Practice" in this report.

In August 2025, the Chairman of the Board recommended and introduced Mr. Wang Xiaoyan to the Board as a Non-executive Director after Mr. Yu Yuqun's resignation from Non-executive Director, in consideration of Mr. Wang Xiaoyan's valuable professional knowledge and rich experience in management, which will bring a fresh perspective and independent judgement to the Board and will benefit the development needs of the Company. After receiving the list of candidates for new director, the Nomination Committee had a dialogue with the Chairman of the Board and the candidates to understand the reasons for the recommendation and change, and assessed the merits of the candidate to the Company and the Board. In the selection process, the Nomination Committee evaluated the personal characteristics, field expertise, professional knowledge, industry qualifications and management experience of the candidates. After synthesising the evaluation opinions of all members on the candidates, the Nomination Committee made recommendations to the Board.

Delegation by the Board *(Continued)***Board Committees** *(Continued)***Nomination Committee** *(Continued)*

Two Nomination Committee meetings were held during the year. Attendance of the members is set out below:

Members	Attendance/ number of meetings held during the Director's tenure	Number of meetings	Attendance	Independence
Mr. Yang Lei (<i>Chairman of the Nomination Committee</i>) (Note 1)	2/2			
Mr. Gao Xiang (Note 1)	2/2	2	100%	67%
Ms. Qiu Hong	2/2			

Note:

- On 1 June 2025, Mr. Gao Xiang, the chairman of the Board and a non-executive Director, was re-designated from the chairman to a member of the Nomination Committee and Mr. Yang Lei, an independent non-executive Director, was re-designated from a member to the chairman of the Nomination Committee.

In 2025, the Nomination Committee had, amongst others:

- reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board, as well as the diversity of Board members, made recommendations on any proposed changes to the Board to complement the Company's corporate strategy and review the Board Diversity Policy;
- considered the candidates nominated by the members of the Board and the need for identifying individuals suitably qualified to become Directors, and selecting or making recommendations to the Board after evaluation on the selection of individuals nominated for directorships;
- assessed the independence of Independent Non-executive Directors;
- reported to the Board on re-appointment of Directors and the succession planning for Directors, in particular for the chairman of the Board and the President; and
- made recommendation to the Board on retirement plan of the Directors at the AGM according to the requirements of the Articles.

Delegation by the Board *(Continued)*

Board Committees *(Continued)*

Sustainable Committee

The Sustainable Committee is chaired by Mr. Gao Xiang, a Non-executive Director and the chairman of the Board. Its other members are Mr. Yang Xiaohu, an Executive Director, and Mr. Wang Xiaoyan, a Non-executive Director. Prior to the appointment of Mr. Wang Xiaoyan as a director on 26 August 2025, Mr. Yu Yuqun, a Non-executive Director, was a member of the Sustainable Committee.

The Sustainable Committee establishes and makes recommendations to the Board in relation to the Environmental, Social and Governance (the “ESG”) Report and the ESG related matters, including but not limited to:

- reporting to the Board and making recommendations to the Board regarding the formulation and revision of the ESG related policies and practices of the Company, making suggestions on setting the Company’s ESG goals, updating major ESG issues and ESG risks regularly; and
- reviewing and monitoring the training and continuous professional development in ESG by directors and the senior management of the Company.

In 2025, the Sustainable Committee held one meeting to consider, review and make recommendations to the Board on the Company’s 2024 ESG Report and the work plan for 2025. All the members of the Sustainable Committee attended the Sustainable Committee meeting in 2025. The Company is committed to improving the management of ESG, actively responding to the topics concerned by the capital market, and constantly integrating ESG culture and strategies into its daily operation. During the year, MSCI, a prestige ESG rating agency, maintained the Company’s ESG rating at AA. For more information on our ESG performance, please refer to the Company’s 2025 ESG Report.

Company Secretary

Ms. Zhong Yingxin (“Ms. Zhong”), the Company Secretary, is a full-time employee of the Company and has the knowledge of the daily affairs of the Company. All Directors have access to the advice and services of Ms. Zhong, the Company Secretary, through the year 2025. The Company Secretary reports to the Chairman and/or the President on corporate governance matters, and is responsible for providing assistance to the Chairman, the Board, Board committees and the President, ensuring good information flow within the Board and the Board procedures and policies are followed, and facilitating communications among Directors as well as with shareholders and management.

During 2025, Ms. Zhong undertook over 15 hours of relevant professional training to update her skills and knowledge in accordance with the requirement under Rule 3.29 of the Listing Rules. Ms. Zhong is an Associate Member of The Hong Kong Chartered Governance Institute. Ms. Zhong’s biography is set out on page 56 under the section headed “Directors and Senior Management” and on the Company’s website.

Accountability and Audit

Financial Reporting

The Board is collectively responsible for ensuring a balanced, clear and understandable assessment of the Group's annual and interim reports and other financial disclosures and reports under statutory requirements.

In order to enable the Board to make an informed assessment of the financial and other information put before its approval, Executive Directors are provided with financial and other operational information and analytical review reports of the Group on a monthly basis. All the Directors are provided with general financial information with explanation thereof (if appropriate) of the Group on a monthly basis as well as monthly update from the management on operation, investment and financial performance, to enable them to assess the Company's operational performance and financial position in a timely manner. Management would also meet with Directors regularly to present the quarterly results and discuss any variance between the budget and the actual results for monitoring purpose.

The accounting and finance department of the Company, headed by the Financial Controller of the Company, is specifically responsible for the accounting and financial reporting functions of the Group and for coordinating and supervising the relevant departments of all the operating subsidiaries of the Company. A majority of the staff of such departments possess academic qualifications and extensive working experience in accounting and financial reporting. The Group provides continuous training seminars, on-the-job training and offers allowance for external training programmes by professional bodies to motivate the staff to enhance and refresh their knowledge on an on-going basis.

The annual and interim results of the Group are announced in a timely manner within three months and two months respectively after the end of the respective financial periods. The integrity of the financial statements is monitored by the Audit Committee. A statement of the Directors' responsibility for financial statements is set out in the Directors' Report on page 91. A statement of the reporting responsibility of the external auditor is set out in the Independent Auditor's Report on page 120.

Risk Management and Internal Controls

Risk management and internal control is a process effected by an entity's board, management and other personnel to provide reasonable but not absolute assurance regarding the achievement of corporate objectives. The Group's risk management and internal control systems are established to manage rather than eliminate all risks of failure, to safeguard shareholders' investment and assets from misappropriation, to maintain proper accounts and to ensure compliance with regulations towards the achievement of the Group's objectives.

Accountability and Audit *(Continued)*

Risk Management and Internal Controls *(Continued)*

The Board has the responsibility to ensure that appropriate and effective risk management and internal control systems for evaluating and determining and the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives are established and maintained by the Group. The Board also has the responsibility to oversee management in the design, implementation and monitoring of the risk management and internal control systems, while management is responsible for providing confirmation to the Board on the effectiveness of these systems.

The Board has the responsibility to oversee the Company's risk management and internal control systems on an ongoing basis, and ensure to conduct regular reviews on the effectiveness of the Group's risk management and internal control systems every year and will execute relevant enhancement and rectification processes accordingly.

The processes used to identify, evaluate and manage significant risks by the Group are summarised as follows:

Risk Identification

The Group implements the risk control strategy of "risk prevention first" to identify risks that may potentially affect the Group's business and operations, including but not limited to macroeconomic and policy situation risks, strategic management risks, EPC engineering project management risk, legal and compliance risk, research and development risk, financial and credit risk, contract risk, investment risk, procurement and supply chain risk, environment and health and safety risk, market risk and climate change. By means of daily communication with management and business departments (including but not limited to: corporate management, financial management, strategy and investment, engineering, procurement, legal compliance, marketing and customer service, etc.) on concerns about the development of international and domestic political and economic situations, the Group dynamically identify risks require attention or sudden risks which may potentially affect the Group's business and operations and establish a list for risks identified.

Risk Assessment

The Group carries out risk assessment every year, assesses the importance of risks identified by using the assessment criteria developed by the management and prioritizes the same from the perspective of the impact and consequence on the business and the likelihood of their occurrence.

Risk Response

- Conducts research and interviews with competent authorities to recognize sources of important risks identified and assessed, analyze risk causes, determine the risk management strategies and internal control processes to prevent, avoid or mitigate the risks;
- Provides business with risk control rules and standards, implements customized coping strategies and solutions based on business risk scenarios, performs ongoing and periodic monitoring of the nature and extent of the significant risks to ensure these risks are under effective management and control;
- Strengthens the monitoring and warning function of the internal control and risk management systems continuously based on the result of risk assessment, including the use of digital applications to achieve automatic analysis and early alert of business risks throughout the key business processes; and
- Provides appropriate special training according to the needs of different risk control positions, including environmental, health and safety training, anti-corruption training for key personnel, etc., with the purpose of promoting compliance culture and enhancing risk prevention awareness and risk alert capability of all staff.

Accountability and Audit *(Continued)*

Risk Management and Internal Controls *(Continued)*

Risk Monitoring and Reporting

- Establishes hierarchical supervisory responsibilities in the Group to ensure that risk monitoring is objective and effective;
- Performs ongoing and periodic monitoring of the risk and ensures that appropriate internal control procedures are in place;
- Revises the risk management strategies and internal control procedures in case of any significant change of situation; and
- Reports the results of risk monitoring to the management and the Board regularly.

The main features of the Group's risk management and internal control systems:

The Group's risk management and internal control systems are designed, implemented and monitored with reference to guidance documents such as COSO's Enterprise Risk Management – Integrated Framework and ISO31000 "Principles and Implementation Guidelines of Enterprise Risk Management". The Group established a risk management system and management mechanism that serves the Company's development strategy, formulated the "CIMC Enric Holdings Risk Management Manual". Featured by distinct division of powers and responsibilities, comprehensive coverage, prevention and control with focus, full involvement of employees and effective management and control, the system accords with the actual business conditions of the Company.

The Company established a risk management system that covers pre-event risk assessment, internal monitoring during the event, post-event audit evaluation, and defect rectification and tracking within a time limit. The system is designed to focus on the integration with the existing business system as well as the Company's 5S management system for implementing strategic control. The risk management begins with the development strategy and is committed to ensuring the realization of the development strategy goals via process design. The Company's risk management organization system deems members under the Group and the first-level process departments of the headquarters as the first line of defense, which are mainly responsible for controlling business risks; departments with risk management and control responsibilities such as risk management, internal monitoring, legal affairs and finance departments as the second line of defense, which are responsible for compliance consultation, guidance, coordination and supervision on system design for business risk management and control; the audit committee of the Board of Directors and internal audit and supervision agencies as the third line of defense, which are responsible for the supervision and evaluation of business risk management and control. These three lines of defense allow all employees to participate in the Company's risk management and control, vesting each organization clear rights and responsibilities to perform their own duties.

The Company continuously and regularly reports major matters such as risk management and internal control systems construction and operation to the management in a timely manner, assisting the management to understand the risk management situation and review the system in a timely manner, thus constantly optimize the risk management and internal control systems. Meanwhile, the Company includes risk and internal control management as "deduction indicators" in the quarterly and annual performance appraisals of the Company's business units and members. The internal control audit function is responsible for evaluating the internal control of the Company on a quarterly and annual basis, while the assessment results are included in the quarterly and annual performance evaluations of members, providing a strong mechanism guarantee for the effective operation and continuous improvement of risk management and internal control systems, and guiding companies to upgrade risk prevention and control and internal control compliance management.

Accountability and Audit *(Continued)*

Risk Management and Internal Controls *(Continued)*

The process used by the Group to review the effectiveness of the risk management and internal control systems and to resolve material internal control defects are summarised as follows:

The internal audit division of the Company is responsible for monitoring the effectiveness of the risk management and internal control systems of the Group. The internal auditor assessed and reported on the adequacy and effectiveness of the established risk management and internal control systems of the Group (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting functions, and those in relation to the Group's ESG performance and reporting) for the reporting year by performing comprehensive reviews and testing. No major deficiencies were identified in the reviews. After a holistic review of the Group, the internal audit division of the Company submitted a written report on the effectiveness of the Group's risk management and internal control systems to the Audit Committee for review on a yearly basis.

The Audit Committee plays an essential role in overseeing the Group's risk management and internal control systems. To ensure sufficient resources are provided for the Audit Committee to make informed decisions, information and assessment of financial and non-financial controls, management letters from the external auditor on matters identified during the course of statutory audit and review as well as the internal review report from the internal auditor were presented to the committee. The committee discusses with the management twice a year to ensure that they have discharged their duty to establish and implement an effective risk management and internal control systems. The committee will report its findings and recommendations to the Board for consideration.

The Board has reviewed the "Report on the Effectiveness of Risk Management and Internal Control Systems" and the Group will put in place measures to strengthen and rectify its risk management and internal control system as recommended in the report. The Board acknowledges that the strengthening of risk management and internal control systems is a crucial and continual process and will conduct periodical review on the progress of such enhancement and rectification.

The Directors confirmed that they had conducted reviews on the effectiveness of the risk management and internal control systems of the Group in accordance with the Listing Rules and the Group's operational procedure guidelines. The Board considered the risk management and internal control systems of the Group effective and adequate throughout the year.

Internal Audit Team

The Group has established an internal audit team, which assesses the adequacy and effectiveness of the risk management and internal control systems of the Group regularly, and reports to the Audit Committee and the Board on the audit results annually and makes recommendations to the management and the Board to address the significant deficiencies of the system or problems that are identified during the monitoring process. The internal audit team has the right of access to all information of the Company to perform its duties.

Accountability and Audit *(Continued)*

Whistleblowing Policy

The Company has a formal detailed Whistleblowing Policy in place to enable employees and those who deal with the Company (e.g. customers and suppliers) to raise their concerns directly to the internal audit department about any possible impropriety in financial reporting, internal control or other matters within the Group in confidence, and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action. An employee or relevant third party can raise his/her concern to the official channels such as the reporting mailbox. The internal audit department conducts investigations according to procedures and the identity of whistleblower will be kept confidential. The Group will take accountability into practice according to the investigation results and those who violate the laws will be pursued for legal responsibilities. The outcome of any investigation and follow-up action of all legitimate allegations will be reported to the Board and the Audit Committee by the Legal and Compliance Department. For details, please refer to the “Whistleblowing Policy” on the Company’s website.

Anti-corruption Policy

The Company is committed to achieving and maintaining the highest corporate cultures of openness, probity and accountability, setting up strict “CIMC Enric Anti-Corruption and Fraud Policy” which applies to all employees, covering directors and employees at all levels of the Group and encourages all business partners, including major shareholders, joint venture partners, agents, consultants, contractors, suppliers and other stakeholders of the Group who are involved in relations with the Group, shall follow the principles of the anti-corruption policy. The Anti-corruption policy is publicly available on the Company’s website.

Inside Information

Regarding the disclosure of inside information, the Company has a mechanism in place for monitoring its business development so that potential inside information can be promptly identified and escalated up for deciding whether an announcement should be made, as set out in the Company’s Information Disclosure Policy which is available on the Company’s website, in order to ensure compliance with the continuous obligations under the Listing Rules and the statutory obligation to disclose inside information under the SFO.

In determining whether certain information constitutes inside information, the Company adopts a bottom-up approach to escalate information about business developments of the organisation. The final decision on the outcome of inside information assessment shall rest with the Board. The Company designates the Chairman, the President, the Financial Controller, the Company Secretary and Investor Relation delegates to speak on behalf of the Company when communicating with external parties such as investors, analysts or media. Furthermore, all Directors and relevant employees (as defined in the Listing Rules) of the Group are required to follow the Company’s Code for Securities Transactions by Relevant Persons when dealing with the Company’s securities.

Non-compete Undertakings

In order to protect the best interests of the Group and uphold the integrity of independence from its controlling shareholder, CIMC, the Company entered into the Deed of Non-compete Undertakings with CIMC on 1 June 2009.

CIMC has given to the Company a letter of annual declaration where it declared, to the best of the knowledge of its board of directors and management, that it had been in compliance with all the non-competition undertakings and all other provisions set out in the Deed throughout the year ended 31 December 2025.

After reviewing the annual declaration and relevant information provided by CIMC, the Independent Non-executive Directors were of the view, to the best of their knowledge, that proper compliance on and enforcement of the Deed of Non-compete Undertakings was in place throughout the year.

Details of the Deed are set out in the circular of the Company dated 3 June 2009.

Communication with Shareholders

Effective Communication

The Board believes that effective communication of full and clear information of the Company is the key to enhance corporate governance standards and shareholders' confidence.

The Company holds conferences with analysts and the press to announce its annual results. In order to facilitate communication between the Company, shareholders and the investment community, the Directors and designated employees will maintain on-going dialogue with investors and analysts through one-on-one meetings, roadshows and marketing activities for investors.

The Company will keep the shareholders and the investment community informed of its latest development via various publications such as announcements, circulars, annual and interim reports and press releases, which are available on the Company's website in both English and Chinese.

An AGM provides a constructive forum to maintain regular and mutual communication with shareholders. The Company will arrange the chairman of the Board and the respective chairman or member(s) of each of the Board committees (including the Independent Board Committee, where applicable), or if failing so due to unexpected and/or uncontrollable reasons, his/their duly appointed delegate(s), to attend the general meetings to exchange views with shareholders and answer their questions. All Directors are encouraged to attend general meetings and develop a balanced understanding of the view of shareholders.

The external auditor will also be invited to attend the AGMs to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

Separate resolutions are proposed on each substantially separate issue, including the election or re-election of each Director nominated.

To ensure the votes cast are properly counted and recorded, it is the practice of the Company to appoint representatives of its branch share registrar as scrutineer of the voting procedures in general meetings.

Shareholders' rights

Any shareholder is encouraged and entitled to attend all general meetings, provided that their shares have been recorded in the register of members of the Company. Prior notice of general meetings will be given to all registered shareholders by not less than 21 clear days' notice for AGMs and not less than 14 clear days' notice for all other general meetings.

In general meetings, all resolutions will be put to vote by polls pursuant to the Listing Rules and the Articles. The chairman of a general meeting will explain the detailed procedures for conducting a poll at the commencement of a meeting and address queries from shareholders.

Communication with Shareholders *(Continued)*

Effective Communication *(Continued)*

Shareholders' rights *(Continued)*

There are no provision allowing shareholders to propose new resolutions at the general meetings under The Companies Act of the Cayman Islands. However, shareholders can convene an EGM by following article 58 of the Articles. Pursuant to article 58 of the Articles, any shareholder(s) (at the date of deposit of requisition holding not less than 10% of the paid up capital of the Company carrying voting right at a general meeting) can require an EGM by sending a written requisition together with the proposed agenda items to the Board or the Company Secretary. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself/themselves may do so in the same manner, and all reasonable expenses incurred by him/them therefrom can be reimbursed by the Company.

Subject to the Articles and The Companies Act of the Cayman Islands, the Company may in general meeting by ordinary resolution elect any person to be a director of the Company either to fill a casual vacancy on the Board, or as an addition to the existing Board. A shareholder may propose a person other than a director of the Company for election as a director at a general meeting. The "Procedures for Shareholders to propose a person for election as a Director" has been published on the Company's website.

Shareholders should direct their questions about their shareholdings to the Company's branch registrar in Hong Kong.

Shareholders may make enquiries with the Board at the general meetings. Alternatively, shareholders may at any time send their enquiries and concerns to the Board by addressing to the Company Secretary whose contact details are set out in the section headed "Investor Relations Contacts" hereafter.

Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available.

General meetings held in 2025

In 2025, the Company held two general meetings, being one AGM and one EGM.

The AGM was held on 20 May 2025 at Room 2102, 21/F, World Wide House, 19 Des Voeux Road Central, Central, Hong Kong. Eight ordinary resolutions were proposed in the meeting. More than 50% of votes were cast in favour of all the ordinary resolutions. The proposed resolutions were therefore passed as resolutions of the Company. The major resolutions considered and approved included:

- receiving and considering the audited consolidated financial statements, directors' report and independent auditor's report for the year ended 31 December 2024;
- declaration of a final dividend in respect of year 2024 of HKD0.30 per ordinary share;
- re-election of the retiring Directors and authorising the Board to fix the remuneration of Directors;
- appointment of auditor and authorising the Board to fix the remuneration of auditor; and
- granting of general mandates to issue shares and to repurchase shares.

Communication with Shareholders *(Continued)*

Effective Communication *(Continued)*

General meetings held in 2025 *(Continued)*

Full text of the above resolutions were set out in the notice of AGM of the Company dated 24 April 2025. The poll results of the AGM have been published on the websites of the Stock Exchange and the Company.

The EGM was held on 28 October 2025 at Room 2102, 21/F, World Wide House, 19 Des Voeux Road Central, Central, Hong Kong. One ordinary resolution was proposed in the meeting, and more than 50% of votes were cast in favour of the ordinary resolution. The proposed resolution was therefore passed as ordinary resolution of the Company. The resolution included:

- To approve the terms of the Financial Services Framework Agreement (2025), the Deposit Services contemplated thereunder and the Proposed Deposit Annual Caps.

Full text of the above resolution was set out in the notice of EGM of the Company dated 2 October 2025. The poll results of the EGM have been published on the websites of the Stock Exchange and the Company.

In light of the above policies and communication channels already in force, and the AGM and the EGM held during the year which enabled the Directors to exchange views with the shareholders and answer their questions, the Board has reviewed and considered that the Company's Shareholder Communication Policy has been appropriately implemented and remains effective during the year ended 31 December 2025.

Investor Relations Contacts

The Company values feedbacks from shareholders, investors and the public. Enquiries and proposals are welcome and can be put to the Company via the following means:

By phone	:	(86) 755 2680 2312/(86) 755 2680 2134
By post	:	Suites 1902-3, 19th Floor, Bank of America Tower, No.12 Harcourt Road, Central, Hong Kong
By email	:	ir@enric.com.hk

The latest investor relations information is available at the Company's investor relations portal at <https://www.enricgroup.com/ircommunication>.

Changes of the Memorandum and Articles of Association

During the year ended 31 December 2025, no amendments were made to the Company's memorandum and articles of association. The latest version of the Company's memorandum and articles of association has been published on the websites of the Stock Exchange and the Company.

By order of the Board

Gao Xiang

Chairman

Hong Kong, 24 March 2026

The Directors are pleased to present their report together with the audited financial statements of the Group for the year ended 31 December 2025.

Principal Activities and Business Review

The principal activity of the Company is investment holding.

The Group is principally engaged in the design, development, manufacturing, engineering, sales and operation of, and the provision of technical maintenance services for, a wide spectrum of transportation, storage and processing equipment that is widely used in the clean energy, chemical and environmental, and liquid food industries. Particulars of the Company's principal subsidiaries are set out in note 23 to the financial statements. A business review and further discussion and analysis of the principal activities can be found in "Chairman's Statement" and "Management Discussion and Analysis" sections of this Annual Report, which form part of this directors' report.

Key financial and business performance indicators

The Group's key financial and business performance indicators comprise total assets growth, revenue growth, profit attributable to equity shareholders, return on equity and gearing ratio.

The Group's net assets increased by 5.2% to RMB13,786,610,000 (2024: RMB13,105,038,000) which was mainly attributable to net profit of RMB1,171,591,000 during the year.

Revenue rose by 6.3% to RMB26,325,942,000 (2024: RMB24,755,737,000) which shows the Group's revenue generating ability has recovered along with recovery of the global economy.

Profit attributable to equity shareholders increased by 3.7% to RMB1,135,214,000 (2024: RMB1,094,871,000) which indicates the Group was more efficient in enhancing equity shareholders' value comparing with last year.

Return on equity remained stable at 9.6% (2024: 9.6%) which was mainly due to equity and profit attributable to equity shareholders increasing at a similar rate.

Gearing ratio remained stable at 25.4% in 2025 (2024: 22.8%) which indicates the Group is maintaining a stable proportion of interest bearing debt in relation to the Group's equity.

Details of other key performance indicators are shown in "Financial Highlights" and "Financial Review" sections of this Annual Report.

Compliance with laws and regulations

The Group recognises the importance of compliance with regulatory requirements. The Group has been allocating system and staff resources to ensure ongoing compliance with rules and regulations and to maintain cordial working relationships with regulators. During the year, the Company has complied, to the best of our knowledge, with the Companies Act of the Cayman Islands (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "Companies Act"), the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Listing Rules, the SFO, and other relevant rules and regulations. Besides, the subsidiaries within the Group continue to comply with their applicable local laws. During the year, the Company was not aware of any particular law and regulation that would have a significant impact on the Group's operation.

Principal Activities and Business Review *(Continued)*

Principal risks and uncertainties

The Group operates as a manufacturer of specialised equipment and provider of project engineering services for energy, chemical and liquid food industries. The Group's normal course of business is exposed to a variety of key risks including credit, liquidity, interest rate and currency risks. Details of the aforesaid key risks and risk mitigation measures are elaborated in note 6 to the financial statements.

The Group's business is also affected by the volatility or uncertainty of, externally (i) the macro-economic conditions in China and other global nations; (ii) the Chinese government's policies, especially natural gas pricing policies; (iii) the industrial development and market trends; and internally (i) the effectiveness of the Group's strategic plans; (ii) the effects generated from transactions; (iii) the Group's recruitment and retention of talents with relevant expertise and experience. In response to the above, the Group has formulated a range of plans and strategies as a whole and for each segment, details of which can be found in "Chairman's Statement" and "Management Discussion and Analysis" sections of this Annual Report.

Environmental policies and performance

The Group is committed to promoting green operation. The subsidiaries within the Group have implemented relevant environmental protection measures, and have developed new technologies and skills for the promotion of energy saving and emission reduction, in order to minimise the environmental damage caused during the production process. Internally, the Group encourages its employees to adopt environmentally responsible behavior to reduce use of resources, minimise waste and increase recycling.

The subsidiaries of the Company in China strictly comply with the country's environmental laws and regulations and were not aware of any material non-compliance with relevant standards, rules and regulations during the year.

For further details, please refer to the Environmental, Social and Governance Report for 2025, which will be reported separately from this report and will be published at the same time with this Annual Report.

Relationships with key stakeholders

The Group's success also depends on the support from key stakeholders which comprise employees, customers, suppliers, regulators and shareholders.

Employees

Employees are regarded as the most important and valuable assets of the Group. Apart from the compliance with relevant employment laws, the objective of the Group's human resource management is to reward and recognise performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression by appropriate training and providing opportunities within the Group for career advancement.

Customers

The Group's customers come from energy, chemical and liquid food industries. The Group has the mission to provide excellent customer service whilst maintaining long term profitability, business and asset growth. Special focus has been devoted to the Group's after-sale services to maintain safe and efficient operation of the products for customers.

Principal Activities and Business Review *(Continued)*

Suppliers

Sound relationships with suppliers of the Group are important in the supply chain, which can derive cost effectiveness and foster long term business benefits. The Group has formulated criteria for selection of strategic suppliers, in terms of their product offers, operational scale and development strategies. Under a win-win objective, the Group has cooperated with strategic suppliers to achieve interactive learning and mutual support.

Regulators

The Company is listed in Hong Kong under the regulation of the Stock Exchange, the SFC and other relevant authorities. It is the Group's desire to keep up to date and ensure compliance with new rules and regulations.

Shareholders

One of the corporate goals of the Group is to enhance corporate value to shareholders. The Group targets to foster business development for achieving the sustainability of earnings growth and rewarding shareholders by stable dividend payouts, taking into account capital adequacy levels, liquidity positions and business expansion needs of the Group.

Financial Statements

The Directors acknowledge that it is their responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the Group's profit or loss for the year then ended. In preparation of the financial statements, the Directors are required to:

- (a) select appropriate accounting policies and apply them on a consistent basis, making judgements and estimates that are prudent, fair and reasonable;
- (b) explain any significant departure from accounting standards; and
- (c) prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company and the Group will continue in business for the foreseeable future.

The Directors are responsible for keeping proper accounting records, safeguarding the assets of the Company and of the Group and employing reasonable procedures to prevent and detect fraud and other irregularities.

The profit of the Group for the year ended 31 December 2025 and the state of the Company's and the Group's affairs as at such date are set out in the financial statements on pages 123 to 240.

Dividends and Reserves

The Board is pleased to propose a final dividend in respect of 2025 of HKD0.31 per ordinary share (the "2025 Final Dividend"), subject to the approval of shareholders in the forthcoming AGM to be held on 20 May 2026.

Details of movements in the reserves of the Company and of the Group during the year are set out in note 48 to the financial statements and the consolidated statement of changes in equity.

Dividend Policy

The Company has adopted the "Dividend Policy", under the policy, dividends may be recommended, declared and paid to shareholders from time to time. The Board shall consider the following factors in relation to the dividend amount:

- the actual and expected financial performance of the Group;
- economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group;
- the Group's business strategies and operations, including future cash commitments and investment needs to sustain the long-term growth aspect of the business;
- the current and future liquidity position and capital requirements of the Group; and
- any other factors the Board deems appropriate.

Under normal circumstances, the Company intends to maintain a dividend payout ratio of not less than 50%. The Board of Directors proposed to keep a 50% payout ratio for the year 2025.

Major Customers and Suppliers

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the year ended 31 December 2025 is as follows:

	Percentage of the Group's total	
	sales	purchases
The largest customer	9.3%	–
Five largest customers in aggregate	20.4%	–
The largest supplier	–	4.8%
Five largest suppliers in aggregate	–	13.1%

Note: At no time during the year have the Directors, their associates, or any shareholders of the Company (which to the knowledge of the Directors own more than 5% of the Company's share capital) had any interest in any of the five largest customers or suppliers of the Group.

For the year ended 31 December 2025, the Group's sales attributable to the five largest customers combined and purchases attributable to the five largest suppliers combined accounted for less than 30% of the Group's sales and purchases, respectively.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Company and the Group are set out in note 16 to the financial statements.

Retirement Schemes

The Group participates in government pension schemes for its employees in Mainland China and in a mandatory provident fund scheme for its employees in Hong Kong. In Europe, the Group operates various pension plans which are funded through payments to insurance companies. Particulars of retirement benefits are set out in note 41 to the financial statements. During the year ended 31 December 2025, the Group had no forfeited contributions under the government pension schemes in Mainland China and no forfeited contributions under the mandatory provident fund scheme in Hong Kong which may be used to reduce its existing level of contributions for the current year.

Charitable Donations

During the year, charitable donations made by the Group amounted to RMB450,000 (2024: RMB590,000).

Share Capital

Details of movements in the share capital of the Company during the year are set out in note 40 to the financial statements.

Share Issued

During the year, no shares have been issued by the Company.

Details of the shares issued during the year are set out in note 40 to the financial statements.

On 19 January 2026 (after trading hours), the Company entered into the placing agreement with the placing agent, pursuant to which the Company has agreed to issue and allot up to an aggregate of 79,700,000 new shares under the general mandate passed by the shareholders at the annual general meeting of the Company held on 20 May 2025, and the placing agent has agreed to act as the agent of the Company to procure, on a best effort basis, placees to subscribe for the placing shares at the placing price of HK\$9.79 for each placing share. On 27 January 2026, the Company announced that all conditions to the placing agreement have been fulfilled and completion of the placing took place, and an aggregate of 79,700,000 placing shares have been placed by the placing agent to not less than six placees at the placing price of HK\$9.79 per placing share pursuant to the terms and conditions of the placing agreement, representing approximately 3.77% of the issued share capital of the Company (excluding treasury shares) as enlarged by the allotment and issue of the placing shares immediately upon completion of the placing. Details of the placing are disclosed in the announcements made by the Company on 20 January 2026 and 27 January 2026.

Equity-linked Agreements

Save for the share option and share award schemes as set out on pages 97 to 100, and on pages 100 to 104, respectively, no equity-linked agreements were entered into by the Group, or existed during the year.

Bank Loans and Overdrafts

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

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 2.

Directors

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

Non-executive Directors

Mr. Gao Xiang (*Chairman*)

Mr. Zeng Han

Mr. Wang Xiaoyan (appointed as a non-executive Director on 26 August 2025)

Mr. Wang Yu

Mr. Yu Yuqun (resigned as a non-executive Director on 26 August 2025)

Executive Director

Mr. Yang Xiaohu (*President*)

Independent Non-executive Directors

Mr. Tsui Kei Pang

Mr. Yang Lei

Ms. Wong Lai, Sarah

Ms. Qiu Hong

At the forthcoming AGM, Mr. Zeng Han, Mr. Wang Yu and Mr. Tsui Kei Pang will retire by rotation and, being eligible, offer themselves for re-election in accordance with articles 84(1) and 84(2) of the Articles. Pursuant to article 83(3) of the Articles, Mr. Wang Xiaoyan will retire subject to the re-election at the AGM.

Disclosure pursuant to Rule 13.51B(1) of the Listing Rules

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the date of the Company's last published interim report are set out below:

Mr. Yu Yuqun has resigned as a non-executive Director, and ceased to be a member of the sustainable committee of the Company with effect from 26 August 2025 due to work adjustment.

Mr. Wang Xiaoyan has been appointed as a non-executive Director and a member of the sustainable committee of the Company with effect from 26 August 2025.

Ms. Wong Lai, Sarah has been appointed by the Stock Exchange as a member of the Listing Review Committee since July 2025.

Directors' Service Contracts

No Director proposed for re-election at the forthcoming 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 normal statutory obligations.

Directors' Interests in Shares

As at 31 December 2025, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as 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 were as follows:

Long position in the shares of the Company (Note 1)

Name of Director	Capacity	Interests in underlying shares pursuant to share options and the restricted share award scheme	% of issued share capital (Note 2)
Gao Xiang	Beneficial owner	3,400,000	0.17%
Yang Xiaohu	Beneficial owner	3,120,000	0.15%
Zeng Han	Beneficial owner	1,250,000	0.06%
Wang Xiaoyan	Beneficiary of a trust	600,000 (Note 3)	0.03%
Wang Yu	Beneficial owner	1,170,000	0.06%
Tsui Kei Pang	Beneficial owner	750,000	0.04%
Yang Lei	Beneficial owner	575,000	0.03%
	Beneficiary of a trust	175,000 (Note 3)	0.01%
Wong Lai, Sarah	Beneficial owner	484,000	0.02%
	Beneficiary of a trust	266,000 (Note 3)	0.01%
Qiu Hong	Beneficiary of a trust	300,000 (Note 3)	0.01%

Notes:

1. These information is based on the disclosure of interests forms published on the website of the Stock Exchange as at 31 December 2025.
2. The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 31 December 2025, which was 2,030,380,306, including 240,000 treasury shares.
3. The shares granted on 13 November 2025 pursuant to the 2020 share award scheme adopted by the Company on 3 April 2020.

Save as disclosed above, as at 31 December 2025, no other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations were 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.

Save as disclosed above, no person had any rights to subscribe for equity or debt securities of the Company as at 31 December 2025, nor have any such rights been granted or exercised during the year.

Substantial shareholders' Interests in Shares

As at 31 December 2025, to the knowledge of the Directors and chief executive of the Company, the interests and short positions of every substantial shareholder, other than the Directors and the chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows (Note 1):

Substantial shareholder	Capacity	Number of shares held	% of issued share capital (Note 2)	% of issued voting shares
China International Marine Containers (Group) Co., Ltd. ("CIMC")	Interest of controlled corporation	1,421,016,211 (Note 3) (L)	69.99%	70.00%
China International Marine Containers (Hong Kong) Limited ("CIMC HK")	Interest of controlled corporation	190,703,000 (Note 4) (L)	9.39%	9.39%
	Beneficial owner	1,230,313,211 (Note 3) (L)	60.60%	60.60%
Charm Wise Limited ("Charm Wise")	Beneficial owner	190,703,000 (Note 4) (L)	9.39%	9.39%

Notes:

L – long position

S – short position

1. These information is based on the information available to the Directors and chief executive (including such information as was available on the website of the Stock Exchange) and to the knowledge of the Directors and chief executive, as at 31 December 2025.
2. The percentages are calculated based on the total number of ordinary shares of the Company in issue as at 31 December 2025, which was 2,030,380,306, including 240,000 treasury shares.
3. These ordinary shares comprise 190,703,000 ordinary shares held by Charm Wise and 1,230,313,211 ordinary shares held by CIMC HK. Charm Wise and CIMC HK are wholly-owned subsidiaries of CIMC.
4. These ordinary shares comprise 190,703,000 ordinary shares held by Charm Wise. Charm Wise is a wholly-owned subsidiary of CIMC.

Save as disclosed above, as at 31 December 2025, (i) the register required to be kept under section 336 of the SFO recorded no other interests or short positions in the shares or underlying shares of the Company and (ii) the Directors are not aware of any other persons or corporations who were interested in 5% or more of the voting power at general meetings of the Company and were also, as a practicable matter, able to direct or influence the management of the Company.

Share Options

The Share Option Scheme adopted on 20 May 2016

At the annual general meeting of the Company held on 20 May 2016, an ordinary resolution was passed in relation to the adoption of a new share option scheme (the "Scheme 2016") and the termination of the 2006 share option scheme (the "Scheme 2006"). Upon termination of the Scheme 2006, no further option may be granted under the Scheme 2006, but in all other respects the provisions of the Scheme 2006 remain in full force and effect and options granted prior to such termination continue to be valid and exercisable in accordance with the provisions of the Scheme 2006.

The Scheme 2016 has a term of 10 years and will expire on 19 May 2026, after which no further options will be granted. As at the date of this report, the remaining life of the Scheme 2016 is approximately one month. The purpose of the Scheme 2016 is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the participants, and for such other purposes as the Board may approve from time to time.

The Board may, at its discretion, invite (i) any executive or non-executive Director including any independent non-executive Director or any employee (whether full-time or part-time) of any member of the Group and its associated companies and its jointly controlled entities and its related companies from time to time ("Enric Group"); (ii) any discretionary object of a discretionary trust established by any substantial Shareholder of the Company or any employee, executive or non-executive Director of any member of the Enric Group; (iii) any consultant, professional and other adviser to any member of the Enric Group; (iv) any chief executive or substantial shareholder of any member of the Enric Group; any associate of any Director, chief executive or substantial shareholder of any member of Enric Group; and (v) any employee (whether full-time or part-time) of a substantial shareholder of any member of the Enric Group to take up options under Scheme 2016.

The share options under Scheme 2016 are exercisable for a period to be notified by the Board to each participant, which shall not exceed 10 years from the date of grant. There is no minimum period which an option must be held before it can be exercised, but the Board is authorised to impose at its discretion any such minimum period at the date of grant. On acceptance of each grant, a consideration of HKD1.00 is payable. The exercise price of an option shall be at least the highest of (i) the closing price of the Company's share as stated in the daily quotations sheet of the Stock Exchange on the date of grant, which must be a business day; (ii) the average price of the closing prices of the Company's shares as stated in the daily quotations sheet of the Stock Exchange for the five consecutive trading days immediately preceding the date of grant; and (iii) the nominal value of a Company's share.

The maximum number of shares which may be issued under the Scheme 2016 and any other share option schemes shall not exceed 10% of the issued share capital of the Company as at the date of adoption of the Scheme 2016 (i.e. 193,660,608 Shares, representing approximately 9.17% of the issued shares of the Company (excluding treasury shares) as at the date of this report). There was no service provider sublimit set under the Scheme 2016. However, the Board may seek approval of the shareholders in general meeting for refreshing the 10% limit and/or for granting options beyond the 10% limit. Notwithstanding the refreshed limit and granting of options beyond the limit, the maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised must not exceed 30% of the total number of shares in issue from time to time.

Share Options *(Continued)*

The Share Option Scheme adopted on 20 May 2016 *(Continued)*

The maximum number of shares issued and to be issued upon the exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue.

Where further grant of options to a participant would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the total shares in issue, such further grant shall be subject to the shareholders' approval in general meeting with such participant and his associates abstaining from voting. Where any options to be granted to a substantial shareholder of the Company or independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all the options granted and to be granted under the Scheme 2016 and any other share option scheme (including options exercised, cancelled and outstanding) to such person in the period of 12 months up to and including the date of the grant (i) representing in aggregate over 0.1% of the total number of Shares in issue; and (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, over HKD5,000,000, the further grant of options must be approved by the Shareholders in general meeting. Details of the Scheme 2016 are disclosed in the circular of the Company dated 6 April 2016.

During the year ended 31 December 2025, no share options were granted under the Scheme 2016. Previously on 21 November 2023, the Company granted share options to 208 eligible persons to subscribe for a total of 39,500,000 ordinary shares of HKD0.01 each in the capital of the Company under the Scheme 2016. 480,001 options granted under the Scheme 2016 were lapsed during the year of 2025.

As at 1 January 2025 and 31 December 2025, the number of options available for grant under the scheme mandate of the Scheme 2016 (after taking into account the share options granted under the Scheme 2006) was 154,160,608 and 154,640,609, respectively.

All the above options granted were accepted by the respective participants.

Save as disclosed above, no options were granted, exercised, lapsed or cancelled during the year of 2025.

Share Options *(Continued)***The Share Option Scheme adopted on 20 May 2016** *(Continued)*

During the year ended 31 December 2025, movements of the options under the Scheme 2016 were as follows:

Grantee	Date of grant	Exercise price of options (per Share)	Exercisable period	Number of share options					transferred to/from other category	outstanding at 31 December 2025
				outstanding at 1 January 2025	granted during the year	exercised during the year	lapsed during the year	cancelled during the year		
Directors										
Gao Xiang	21/11/2023 (Note 1)	HKD7.05	31/03/2025-20/11/2033	1,000,000	-	-	-	-	-	1,000,000
Yang Xiaohu	21/11/2023 (Note 1)	HKD7.05	31/03/2025-20/11/2033	1,200,000	-	-	-	-	-	1,200,000
Yu Yuqun (ceased to be a non-executive Director on 26 August 2025)	21/11/2023 (Note 1)	HKD7.05	31/03/2025-20/11/2033	450,000	-	-	-	-	-	450,000
Zeng Han	21/11/2023 (Note 1)	HKD7.05	31/03/2025-20/11/2033	450,000	-	-	-	-	-	450,000
Wang Yu	21/11/2023 (Note 1)	HKD7.05	31/03/2025-20/11/2033	450,000	-	-	-	-	-	450,000
Tsui Kei Pang	21/11/2023 (Note 1)	HKD7.05	31/03/2025-20/11/2033	450,000	-	-	-	-	-	450,000
Yang Lei	21/11/2023 (Note 1)	HKD7.05	31/03/2025-20/11/2033	450,000	-	-	-	-	-	450,000
Wong Lai, Sarah	21/11/2023 (Note 1)	HKD7.05	31/03/2025-20/11/2033	450,000	-	-	-	-	-	450,000
				4,900,000	-	-	-	-	-	4,900,000
Employees	21/11/2023 (Note 1)	HKD7.05	31/03/2025-20/11/2033	34,600,000	-	(2,102,718)	(480,001)	-	-	32,017,281
Total				39,500,000	-	(2,102,718)	(480,001)	-	-	36,917,281

Notes:

- Regarding the share options granted on 21 November 2023, subject to certain conditions as stated in the offer letter to the respective grantee, up to one-third of the options granted to any grantee has become exercisable from 31 March 2025 and up to 20 November 2033; up to two-thirds of which shall become exercisable from 31 March 2026 and up to 20 November 2033; and 100% of which shall become exercisable from 31 March 2027 and up to 20 November 2033.
- Regarding the share options granted on 21 November 2023, (i) for grantees who are directors (other than independent non-executive Director) or employees of the members of the Group, the exercise of the share options is subject to his/her fulfillment of performance growth and performance appraisal-related indicators (including Group-wise financial performance targets and/or personal appraisal targets) as set by the Board; and (ii) the share options granted to independent non-executive Directors are not subject to any performance target. For further details, please refer to the announcement of the Company dated 21 November 2023.
- The closing price of the Shares immediately before the date on which the share options were granted is HKD7.04 (for share options granted on 21 November 2023).

Share Options *(Continued)*

The Share Option Scheme adopted on 20 May 2016 *(Continued)*

For details of the fair value of the share options granted under the Scheme 2016 and the relevant accounting standard and policy adopted, please refer to note 35 to the financial statements.

As at 31 December 2025, (i) the total number of Shares that may be issued in respect of share options granted under the Scheme 2016 during the year ended 31 December 2025 was 36,917,281 Shares, representing approximately 1.82% of the weighted average number of Shares in issue for the year ended 31 December 2025; and (ii) the total number of Shares that may be issued in respect of all share options granted under the Scheme 2006 and Scheme 2016 were 36,917,281 Shares, representing approximately 1.82% of the weighted average number of Shares in issue for the year ended 31 December 2025.

Share Award Scheme 2020

The Company adopted the Share Award Scheme 2020 (the "Award Scheme 2020") on 3 April 2020, the major terms and details are set out as below:

Share Award Scheme 2020

Purpose:	<p>The purposes of the Award Scheme 2020 are (a) to provide eligible participants with an opportunity to own Shares in the Company thereby aligning the interests of the eligible participants with that of the Shareholders; (b) to incentivise eligible participants to benefit from value enhancement through delivery of performance targets; and (c) to encourage and retain Eligible Participants to make contributions to the long-term and sustainable growth of the Group.</p> <p>The Award Scheme 2020 forms part of the overall incentive plan for the employees of the Group. The Shares to be granted to Participants under the Award Scheme 2020 (the "Grant Shares") shall be in lieu of part of the cash bonus awarded under the overall incentive plan.</p>
Eligible Participants:	Any employee of the Group at level 7 or above, and any employee of the Group selected by the Board.
Term:	Subject to any early termination of the Award Scheme 2020 in accordance with the Award Scheme 2020 rules, the Award Scheme 2020 shall be valid and effective for a period of 10 years commencing from the adoption day of the Award Scheme 2020 (i.e. up to 2 April 2030). As at the date of this report, the remaining life of the Award Scheme 2020 is approximately 3 years and 11 months.
Number of Shares:	The total number of Shares which may be purchased or issued pursuant to the Award Scheme 2020 shall not in aggregate exceed 2% of the Company's total number of issued Shares as at the adoption day of the Award Scheme 2020 (i.e. a maximum 40,209,691 Shares).
Maximum number of Shares that can be granted to eligible participants:	The maximum number of Shares which may be granted to a participant at any one time or in aggregate under the Award Scheme 2020 must not exceed 0.5% of the Company's total number of issued Shares as at the adoption date of the Award Scheme 2020 (i.e. a maximum 10,052,422 Shares).

Share Award Scheme 2020 *(Continued)***Share Award Scheme 2020**

- Subscription price:** The subscription price of the restricted Shares shall be the average cost per Share purchased from the market by the trustee pursuant to the Award Scheme 2020 for the relevant grant. The subscription price shall be paid by the Grantees at such time before the vesting of the relevant Grant Shares to be determined at the discretion of the Board.
- Operation:** The Board may from time to time cause to be paid to the trustee such amount required for the completion of the purchase of Shares on the Stock Exchange out of the Company's resources (15% of such sum will be paid out of the undistributed bonus of the management team of the Company, while the remaining 85% will be paid out of the internal funds of the Company). The trustee shall apply such amount towards the purchase of Shares in board lots only on the Stock Exchange at the prevailing market price. An initial amount of HKD160,000,000 has been budgeted for the purchase of Shares on the Stock Exchange. Subject to the prior approval of the Board, the budget of HKD160,000,000 may be revised if necessary.
- If the Shares to be granted are new Shares to be allotted and issued by the Company, the Company shall cause such Shares to be allotted and issued to the trustee. The trustee shall hold such Shares in accordance with the terms of the trust deed and shall transfer such Shares to the relevant participants after all the relevant vesting conditions are fulfilled.
- As confirmed by the Directors, notwithstanding the aforesaid, all Grant Shares already granted or to be granted going forward to the Participants under the Award Scheme 2020 will only be funded by existing Shares.
- Restrictions:** No grant and no issue and allotment of Shares shall be made by the Company, no payment shall be made and no instruction shall be given by the Company to the trustee to purchase Shares under the Award Scheme 2020 where any Director is in possession of Inside Information (as defined in the SFO) in relation to the Company or where dealings in the Shares are prohibited under all applicable laws, rules and regulations including without limitation the Listing Rules and/or the SFO.
- The transfer of vested Shares by the trustee to the relevant participants is not prohibited during such periods.
- Vesting:** The vesting of the Grant Shares is always subject to the participant remaining as an eligible participant after the date of the grant and on the vesting date.
- Any Share held by the trustee on behalf of a participant pursuant to the Award Scheme 2020 rules shall vest in such participant in accordance with the vesting condition(s) or vesting schedule as determined by the Board from time to time under the Award Scheme 2020 rules.
- Vesting Rights:** The trustee shall not exercise any voting rights in respect of any Shares held under the trust. No instruction as to voting may be given by any participant to the trustee in respect of the Grant Shares prior to the vesting of such Grant Shares in the participant.

Share Award Scheme 2020 *(Continued)*

The Company entered into a trust deed with the trustee to constitute the trust in connection with the Award Scheme 2020 for the purpose of granting Grant Shares to selected participants from time to time.

Since adoption of the Award Scheme 2020 and up to 31 December 2025, the trustee had purchased in total 40,208,000 shares of the Company on the market for the purpose of the Award Scheme 2020. Since 1 January 2026 and up to the date of this report, no Shares were purchased by the trustee on the market for the purpose of the Award Scheme 2020. Further, during the year ended 31 December 2023, 700,000 Shares were purchased by the trustee on the market for the purpose of the Award Scheme 2020. Then, during the year ended 31 December 2024, 310,000 Shares were purchased by the trustee on the market for the purpose of the Award Scheme 2020. Moreover, since 1 January 2025 and up to the date of this report, no Shares were purchased by the trustee on the market for the purpose of the Award Scheme 2020.

The details of the Award Scheme 2020 are disclosed in the announcement of the Company dated 3 April 2020.

On 17 November 2021, following the adoption of the Award Scheme 2020, the Board resolved to make a grant of 33,324,006 Grant Shares to the relevant grantees (including the Directors) under the Award Scheme 2020. Further, during the year ended 31 December 2022, a total of 2,991,708 Grant Shares were granted to the relevant grantees (comprising only employees of the Group) under the Award Scheme 2020. Further, during the year ended 31 December 2023, a total of 2,544,730 Grant Shares were granted to the relevant grantees (comprising Mr. Yang Lei (an independent non-executive Director) and employees of the Group) under the Award Scheme 2020. Further, during the year ended 31 December 2024, a total of 64,000 Grant Shares were granted to the relevant grantees (comprising Ms. Wong Lai, Sarah (an independent non-executive Director) and employees of the Group) under the Award Scheme 2020. Then, during the year ended 31 December 2025, a total of 3,589,723 Grant Shares were granted to the relevant grantees (comprising Mr. Wang Xiaoyan (a non-executive Director), Mr. Yang Lei, Ms. Qiu Hong and Ms. Wong Lai, Sarah (3 of them are independent non-executive Director) and employees of the Group) under the Award Scheme 2020. The aforesaid Grant Shares were satisfied by acquisition by the trustee under the Award Scheme 2020 of the relevant number of Shares from the open market.

As at 1 January 2025, the remaining number of Shares which may be further purchased pursuant to the Award Scheme 2020 was 1,691 Shares, and as at 31 December 2025, the remaining number of Shares which may be further purchased pursuant to the Award Scheme 2020 was 1,691 Shares. Further, as at the date of this report, the remaining number of Shares which may be further purchased pursuant to the Award Scheme 2020 was 1,691 Shares, representing approximately 0.0001% of the issued shares of the Company (excluding treasury shares) as at the date of this report.

Share Award Scheme 2020 *(Continued)*

Details of the movements of the Grant Shares granted under the Award Scheme 2020 during the year ended 31 December 2025 are as follows:

Grantee	Date of Grant	Number of Grant Shares	Subscription price (per Share)	Closing price of Shares immediately before the date of grant of the Grant Shares	Number of Grant Shares					Granted but not vested as at 31 December 2025	Vesting Period (Note 3)
					Granted but not vested as at 1 January 2025	Granted and held by the Trustee	Vested (Note 2)	Lapsed	Cancelled		
Directors											
Gao Xiang	17 November 2021 (Note 1)	1,200,000	HKD3.7	HKD9.2	-	-	-	-	-	-	April 2022 to April 2024
Yang Xiaohu	17 November 2021 (Note 1)	1,200,000	HKD3.7	HKD9.2	-	-	-	-	-	-	April 2022 to April 2024
Yu Yuqun (resigned as a non-executive Director on 26 August 2025)	17 November 2021 (Note 1)	800,001	HKD3.7	HKD9.2	-	-	-	-	-	-	April 2022 to April 2024
Zeng Han	17 November 2021 (Note 1)	600,000	HKD3.7	HKD9.2	-	-	-	-	-	-	April 2022 to April 2024
Wang Xiaoyan (appointed as a non-executive Director on 26 August 2025)	13 November 2025 (Note 1)	600,000	HKD3.81	HKD7.45	-	-	-	-	-	-	November 2025 – November 2028
Wang Yu	17 November 2021 (Note 1)	600,000	HKD3.7	HKD9.2	-	-	-	-	-	-	April 2022 to April 2024
Tsui Kei Pang	17 November 2021 (Note 1)	300,000	HKD3.7	HKD9.2	-	-	-	-	-	-	April 2022 to April 2024
Qiu Hong	13 November 2025 (Note 1)	300,000	HKD3.81	HKD7.45	-	-	-	-	-	-	November 2025 – November 2028
Yang Lei	3 April 2023 (Note 1)	125,000	HKD3.7	HKD7.6	-	-	-	-	-	-	April 2023 to April 2024
	13 November 2025 (Note 1)	175,000	HKD3.81	HKD7.45	-	-	-	-	-	-	November 2025 – November 2028
Wong Lai, Sarah	26 March 2024 (Note 1)	34,000	HKD3.7	HKD7.28	-	-	-	-	-	-	April 2024
	13 November 2025 (Note 1)	266,000	HKD3.81	HKD7.45	-	-	-	-	-	-	November 2025 – November 2028
Employees											
Top 4 highest paid individuals (excluding Directors)	17 November 2021 (Note 1)	1,410,000	HKD3.7	HKD9.2	-	-	-	-	-	-	April 2022
Other Employees	17 November 2021 (Note 1)	26,314,005	HKD3.7	HKD9.2	-	-	-	-	-	-	April 2022 to April 2024
	26 May 2022 (Note 1)	65,000	HKD3.7	HKD8.11	-	-	-	-	-	-	26 May 2022
	14 July 2022 (Note 1)	300,000	HKD3.7	HKD8.20	-	-	-	-	-	-	14 July 2022
	7 December 2022 (Note 1)	2,626,708	HKD3.7	HKD7.99	-	-	-	-	-	-	April 2023 to April 2024
	13 November 2023 (Note 1)	2,419,730	HKD3.7	HKD6.63	-	-	-	-	-	-	April 2024
	26 March 2024 (Note 1)	30,000	HKD3.7	HKD7.28	-	-	-	-	-	-	April 2024
	13 November 2025 (Note 1)	2,248,723	HKD3.81	HKD7.45	-	-	-	-	-	-	November 2025 – November 2028
Total		41,614,167			-	-	-	-	-	-	

Share Award Scheme 2020 *(Continued)*

Notes:

1. Other than the Subscription Price which shall be paid by the participants at the prescribed time according to the terms of the Award Scheme 2020, no other payment is required for acceptance of the grant of the Grant Shares.
2. All of these relevant Grant Shares vested during the year ended 31 December 2025 were vested on the same day. The weighted average closing price of the shares immediately before the date on which these relevant Grant Shares were vested during the year was HKD8.05.
3. The vesting is subject to the fulfilment of the relevant vesting conditions (including (i) the achievement of relevant level of net profits of the Group for the relevant year as determined by the Board (applicable to all participants other than the independent non-executive Directors); and (ii) achievement of relevant personal appraisal target (applicable to participants who are not Directors). For further details of the vesting schedule, please refer to note 35 to the financial statements.

No Grant Shares had lapsed and no Grant Shares were cancelled during the year ended 31 December 2025. As at 1 January 2025 and 31 December 2025, the number of Grant Shares available to be further granted under the Award Scheme 2020 was 3,891,414 and 301,691, respectively. There was no service provider sublimit set under the Award Scheme 2020.

The fair values of the Grant Shares granted under the Award Scheme 2020 during the year ended 31 December 2025 are as follows:

Date of Grant	Number of Grant Shares	Fair value per Grant Shares at date of grant
13 November 2025	3,589,723	HKD6.63

For the accounting standard and policy adopted of the Grant Shares granted under the Award Scheme 2020, please refer to note 35 to the financial statements.

Chemical and Environmental Business Unit Equity Incentive Scheme

The Company adopted the Chemical and Environmental Business Unit Equity Incentive Scheme on 27 November 2020, to recognize past and present contributions and to incentivize the future contributions by the participants of the Chemical and Environmental Business Unit.

According to the Chemical and Environmental Business Unit Equity Incentive Scheme, incentive equity interest will be granted to the participants through the partnership platforms by way of subscribing for new share capital in CIMC Safeway Technologies Co., Ltd. (中集安瑞環科技股份有限公司) ("CIMC Safeway"). Mr. Gao Xiang, Mr. Yang Xiaohu, Mr. Zeng Han and Mr. Wang Yu, the Directors of the Company have subscribed for new share capital of CIMC Safeway, which represent approximately 0.28%, 1.86%, 0.11% and 0.11% of the share capital of CIMC Safeway as at 31 December 2025, respectively. The details are disclosed in the announcement of the Company dated 27 November 2020.

The Chemical and Environmental Business Unit Equity Incentive Scheme is not subject to the disclosure requirements under Chapter 17 of the Listing Rules as CIMC Safeway is not a principal subsidiary of the Company.

Liquid Food Business Unit Equity Incentive Scheme

The Company adopted the Liquid Food Business Unit Equity Incentive Scheme on 8 June 2022, to recognize past and present contributions and to incentivise the future contributions by the participants of the Liquid Food Business Unit. According to the Liquid Food Business Unit Equity Incentive Scheme, incentive equity interest will be granted to the participants through the partnership platforms by way of subscribing for new registered capital in CIMC Liquid Process Technologies Co., Ltd. (中集安瑞醇科技股份有限公司) ("CLPT"). Mr. Gao Xiang, Mr. Yang Xiaohu, Mr. Zeng Han and Mr. Wang Yu, the Directors of the Company have subscribed for new registered capital of CLPT under the Liquid Food Business Unit Equity Incentive Scheme, which represent approximately 0.57%, 1.15%, 0.10% and 0.10% of the registered capital of CLPT as at 31 December 2025, respectively. The details are disclosed in the announcement of the Company dated 8 June 2022.

The Liquid Food Business Unit Equity Incentive Scheme is not subject to the disclosure requirements under Chapter 17 of the Listing Rules as CLPT is not a principal subsidiary of the Company.

Directors' Interests in Competing Business

During the year ended 31 December 2025, no Director was interested in the business apart from the Group's business, which competes or is likely to compete, directly or indirectly, with the Group's business, which would require disclosure under Rule 8.10 of the Listing Rules.

Permitted Indemnity Provision

The Company's Articles provides that every Director is entitled to be indemnified out of the assets and profits of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the Directors.

The Company has purchased and maintained directors' liability insurance throughout the year, which provides appropriate cover for the Directors.

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.

Connected Transactions and Interests in Contracts

Connected transactions and continuing connected transactions subject to annual review

Non-exempt connected transactions

During the year ended 31 December 2025, the Group had the following transactions which constituted non-exempt connected transactions as defined under Chapter 14A of the Listing Rules.

Non-exempt continuing connected transactions

During the year, the Group carried out the following transactions which constituted continuing connected transactions under Chapter 14A of the Listing Rules and were subject to annual review:

(i) **Financial Services Framework Agreement (2022)**

On 28 November 2022, the Company entered into the Financial Services Framework Agreement (2022) with CIMC Finance Company Ltd. (中集集團財務有限公司, a wholly-owned subsidiary of CIMC, "CIMC Finance") as services provider and CIMC as guarantor under which CIMC Finance agreed to provide various financial services (including deposit services, loan services, bill discounting services, foreign exchange settlement and purchasing services, issue of commercial note and guarantee services and other financial services) to the Group for a term of three years from 1 January 2023 to 31 December 2025.

For each of the three financial years ended 31 December 2025, the proposed annual caps for the deposit services ("Deposit Services") contemplated under the Financial Services Framework Agreement (2022) (being the maximum daily outstanding balance of deposits placed by the Group to CIMC Finance), were RMB700,000,000. The said annual caps have been determined with reference to the Group's historical maximum daily outstanding balance of deposits placed with CIMC Finance, the business forecast of the Group, the estimated cash and cash equivalents of the Group, the estimated cash flow and the estimated level of cash to be deposited with CIMC Finance to facilitate the settlement of accounts with members of the Group and the CIMC Group.

As CIMC is a controlling shareholder of the Company, it is therefore a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. As CIMC Finance was a non-wholly owned subsidiary of CIMC and was therefore an associate of CIMC, CIMC Finance was also a connected person of the Company. As a result, the transactions contemplated under the Financial Services Framework Agreement (2022) constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Connected Transactions and Interests in Contracts *(Continued)*

Connected transactions and continuing connected transactions subject to annual review *(Continued)*

Non-exempt continuing connected transactions *(Continued)*

(i) Financial Services Framework Agreement (2022) *(Continued)*

As some of the applicable percentage ratios in respect of the highest of the Deposit Service annual caps for the Deposit Services contemplated under the Financial Services Framework Agreement (2022) are more than 0.1% but all of them are less than 5%, the continuing connected transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements and are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the year ended 31 December 2025, the maximum daily outstanding balance of the Group's deposits placed with CIMC Finance was RMB698,885,000, the interest income from deposits recognised by the Group was RMB8,267,000 and no service charge was incurred by the Group, and therefore does not exceed the annual cap for deposit services for the year ended 31 December 2025.

With respect to the other transactions contemplated under the Financial Services Framework Agreement (2022) (i.e. other than the deposit services), they are fully exempt continuing connected transactions under the Listing Rules due to being (i) de minimis transactions defined under Chapter 14A of the Listing Rules; or (ii) financial assistance received by the Group which is conducted on normal commercial terms or better and not secured by the assets of the Group.

For further details of the Financial Services Framework Agreement (2022), please refer to the announcement of the Company dated 28 November 2022.

As the Financial Services Framework Agreement (2022) expired on 31 December 2025, the Company entered into the Financial Services Framework Agreement (2025) with CIMC Finance and CIMC for a term of three years to renew the existing continuing connected transactions. Further details are set out in (ii) below.

(ii) Renewal of the Financial Services Framework Agreement

As set out in (i) above, the Financial Services Framework Agreement (2022) expired on 31 December 2025. In this connection, on 9 September 2025, the Company as services user entered into the Financial Services Framework Agreement (2025) with CIMC Finance as services provider and CIMC as obligor to renew the relevant existing continuing connected transactions with CIMC Finance for a term of three years from 1 January 2026 to 31 December 2028, pursuant to which CIMC Finance shall continue to provide the relevant financial services (including deposit services, loan services, bill discounting services, foreign exchange services, bill acceptance and guarantee services and other financial services) to the Group.

The proposed annual caps for the deposit services ("Deposit Services") contemplated under the Financial Services Framework Agreement (2025) (being the maximum daily outstanding balance of deposits placed by the Group to CIMC Finance) are RMB3,500,000,000 for each of the three years ending 31 December 2028. The said annual caps have been determined with reference to the actual utilization levels of the annual caps for the two years ended 31 December 2023 and 2024 and the six months ended 30 June 2025, the interest rates and fee rates for deposits, loans and other financial services, the expected business scale of the Group in 2026, 2027 and 2028, the expected net cash flow from operating activities of the Group in 2026, 2027 and 2028 and the Group's anticipated need to further utilize the flexible, unique and convenient financial service products provided by CIMC Finance.

Connected Transactions and Interests in Contracts *(Continued)*

Connected transactions and continuing connected transactions subject to annual review *(Continued)*

Non-exempt continuing connected transactions *(Continued)*

(ii) Renewal of the Financial Services Framework Agreement *(Continued)*

As CIMC is a controlling shareholder of the Company, it is therefore a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. As CIMC Finance is a wholly-owned subsidiary of CIMC and is therefore an associate of CIMC, CIMC Finance is also a connected person of the Company. As a result, the transactions contemplated under the Financial Services Framework Agreement (2025) constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios in respect of the highest of the annual caps for the Deposit Services contemplated under the Financial Services Framework Agreement (2025) exceed 5%, the continuing connected transactions contemplated thereunder are subject to the reporting, announcement, annual review, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

With respect to the other transactions contemplated under the Financial Services Framework Agreement (2025) (i.e. other than the Deposit Services), they are fully exempt continuing connected transactions under the Listing Rules due to being (i) de minimis transactions defined under Chapter 14A of the Listing Rules; or (ii) financial assistance received by the Group which is conducted on normal commercial terms or better and not secured by the assets of the Group.

For further details of the Financial Services Framework Agreement (2025), please refer to the announcement of the Company dated 9 September 2025 and the circular of the Company dated 2 October 2025.

(iii) Master Sales Agreement (2022)

On 28 November 2022, the Company entered into the Master Sales Agreement (2022) with CIMC, under which the Company agreed to sell certain products for storage, transportation and processing in the fields of clean energy, chemical and environmental and liquid food, spare parts and raw materials for production, as well as components for construction projects (the "Relevant Products") to the CIMC Group for a term of three years from 1 January 2023 and expiring on 31 December 2025.

For each of the three financial years ended 31 December 2025, the proposed estimated annual caps of the transactions contemplated under the Master Sales Agreement (2022) were no more than RMB500,000,000, RMB570,000,000 and RMB670,000,000 respectively. The proposed annual caps were determined based on the historical transaction amounts, the estimated investment in the natural gas equipment to cater for the projected growth in natural gas consumption in China, the expected growth in different business segments of the Group, the expected growth of CIMC Group's business, the projected number of products to be sold to the CIMC Group (both for providing finance leases to the relevant customers and for CIMC Group's own manufacturing and business operations) and the forecast in market price of the products (including the forecast increase in the selling price due to inflation).

On 23 August 2023, the Company revised the proposed annual caps of the transactions contemplated under the Master Sales Agreement (2022) for the years ended 31 December 2023, 31 December 2024 and 31 December 2025 to RMB776,000,000, RMB1,054,000,000 and RMB1,181,000,000, respectively (the "Revised Sales Annual Caps"). The Revised Sales Annual Caps had been determined with reference to: (a) actual sales transactions recorded for the six-month period ended 30 June 2023; (b) sales orders received up to 30 June 2023 which are expected to be completed by 31 December 2023; (c) estimated sales orders that are expected to be received and completed by 31 December 2023; and (d) estimated growth in demand for the Group's products in 2024 and 2025.

Connected Transactions and Interests in Contracts *(Continued)*

Connected transactions and continuing connected transactions subject to annual review *(Continued)*

Non-exempt continuing connected transactions *(Continued)*

(iii) Master Sales Agreement (2022) *(Continued)*

As CIMC is a controlling shareholder of the Company, it is therefore a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. As a result, the transactions contemplated under the Master Sales Agreement (2022) constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As some of the applicable percentage ratios in respect of the Revised Sales Annual Caps exceed 5%, the transactions contemplated under the Master Sales Agreement (2022) are subject to the reporting, announcement, annual review, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the year ended 31 December 2025, the Group's actual sale to CIMC Group under the Master Sales Agreement (2022) was RMB386,195,000, which did not exceed the Revised Sales Annual Caps for the year ended 31 December 2025.

For further details of the Master Sales Agreement (2022), please refer to the announcements of the Company dated 28 November 2022 and 23 August 2023, and the circular of the Company dated 25 September 2023.

As the Master Sales Agreement (2022) expired on 31 December 2025, the Company entered into the Master Sales Agreement (2025) with CIMC for a term of three years to renew the existing continuing connected transactions. Further details are set out in (iv) below.

(iv) Renewal of the Master Sales Agreement

As set out in (iii) above, the Master Sales Agreement (2022) expired on 31 December 2025. In this connection, on 9 September 2025, the Company as services user entered into the Master Sales Agreement (2025) with CIMC as services provider to renew the relevant existing continuing connected transactions with CIMC for a term of three years from 1 January 2026 to 31 December 2028, pursuant to which the Company shall continue to sell the Relevant Products to the CIMC Group.

For each of the three financial years ending 31 December 2028, the proposed annual caps of the transactions contemplated under the Master Sales Agreement (2025) are no more than RMB525,000,000, RMB531,000,000 and RMB538,000,000 respectively. The proposed annual caps have been determined with reference to the historical transaction amounts under the Master Sales Agreement (2022), the estimated investment in the natural gas equipment to cater for the projected growth in natural gas consumption in China, the expected growth in different business segments of the Group, the expected growth of the CIMC Group's business, the projected number of products to be sold to the CIMC Group (both for providing finance leases to the sales customers and for the CIMC Group's own manufacturing and business operations) and the forecast in market price of the products (including the forecast increase in the selling price due to inflation).

As CIMC is a controlling shareholder of the Company, it is therefore a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. As a result, the transactions contemplated under the Master Sales Agreement (2025) constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Connected Transactions and Interests in Contracts *(Continued)*

Connected transactions and continuing connected transactions subject to annual review *(Continued)*

Non-exempt continuing connected transactions *(Continued)*

(iv) Renewal of the Master Sales Agreement *(Continued)*

As all the applicable percentage ratios in respect of the annual caps for the continuing connected transactions contemplated under the Master Sales Agreement (2025) are more than 0.1% but less than 5%, the continuing connected transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For further details of the Master Sales Agreement (2025), please refer to the announcement of the Company dated 9 September 2025.

(v) Master Processing Services Agreement (2022)

On 28 November 2022, the Company entered into the Master Processing Services Agreement (2022) with CIMC, under which CIMC agreed to provide certain processing services (including but not limited to steel uncoiling, sand blasting and base coat spraying and other related processing services) and other services related to such processing services (including but not limited to site and equipment leasing, testing and training, water and electricity supply, after-sales maintenance and transportation services) to the Group for a term of three years from 1 January 2023 and expiring on 31 December 2025.

For each of the three financial years ended 31 December 2025, the proposed estimated annual caps of the transactions contemplated under the Master Processing Services Agreement (2022) were no more than RMB38,000,000, RMB41,000,000 and RMB45,000,000 respectively. The proposed annual caps were determined based on the historical transaction amounts, the expected sales volume growth of the Group's products that will require processing services during their production process and the expected growth in market prices due to inflation.

As CIMC is a controlling shareholder of the Company, it is therefore a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. As a result, the transactions contemplated under the Master Processing Services Agreement (2022) constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As some of the applicable percentage ratios in respect of the highest of the annual caps for the continuing connected transactions contemplated under the Master Processing Services Agreement (2022) are more than 0.1% but all of them are less than 5%, the continuing connected transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements and are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the year ended 31 December 2025, the actual processing service charge incurred by the Group under the Master Processing Services Agreement (2022) was RMB6,671,000, which did not exceed the relevant annual cap for the year ended 31 December 2025.

Connected Transactions and Interests in Contracts *(Continued)*

Connected transactions and continuing connected transactions subject to annual review *(Continued)*

Non-exempt continuing connected transactions *(Continued)*

(v) Master Processing Services Agreement (2022) *(Continued)*

For further details of the Master Processing Services Agreement (2022), please refer to the announcement of the Company dated 28 November 2022.

As the Master Processing Services Agreement (2022) expired on 31 December 2025, on 9 September 2025, the Company as services user entered into the Master Processing Services Agreement (2025) with CIMC as services provider to renew the relevant existing continuing connected transactions for a term of three years from 1 January 2026 to 31 December 2028. With respect to the transactions contemplated under the Master Processing Services Agreement (2025), they are fully exempt continuing connected transactions under the Listing Rules due to being de minimis transactions defined under Chapter 14A of the Listing Rules.

(vi) Master Procurement Agreement (2022)

On 28 November 2022, the Company entered into the Master Procurement Agreement (2022) with CIMC, under which the Company agreed to procure various spare parts, raw materials (including but not limited to vehicle chassis, vehicle platforms, operating system, containers and steel (inclusive of waste and surplus materials)) and/or components for construction projects ("Relevant Spare Parts and/or Raw Materials") from CIMC for a term of three years from 1 January 2023 and expiring on 31 December 2025.

For each of the three financial years ended 31 December 2025, the proposed estimated annual caps of the transactions contemplated under the Master Procurement Agreement (2022) were no more than RMB590,000,000, RMB640,000,000 and RMB700,000,000 respectively. The proposed annual caps were determined based on the historical transaction amounts and the estimated sale volumes of products that would require spare parts, raw materials and/or components for construction projects supplied by the CIMC Group with reference to the estimated growth in market prices due to inflation.

On 23 August 2023, the Company revised the proposed annual caps of the transactions contemplated under the Master Procurement Agreement (2022) for the years ended 31 December 2023, 31 December 2024 and 31 December 2025 to RMB686,000,000, RMB819,000,000 and RMB903,000,000, respectively (the "Revised Procurement Annual Caps"). The Revised Procurement Annual Caps had been determined with reference to: (a) actual procurement transactions recorded for the six-month period ended 30 June 2023; (b) procurement orders received up to 30 June 2023 which are expected to be completed by 31 December 2023; (c) estimated sales orders that are expected to be received which will require procurement by 31 December 2023; and (d) estimated growth in demand for the Group's products in 2024 and 2025 that will require procurement of spare parts, raw materials and components for construction projects from the CIMC Group.

As CIMC is a controlling shareholder of the Company, it is therefore a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. As a result, the transactions contemplated under the Master Procurement Agreement (2022) constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As some of the applicable percentage ratios in respect of the Revised Procurement Annual Caps exceed 5%, the transactions contemplated under the Master Procurement Agreement (2022) are subject to the reporting, announcement, annual review, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Connected Transactions and Interests in Contracts *(Continued)*

Connected transactions and continuing connected transactions subject to annual review *(Continued)*

Non-exempt continuing connected transactions *(Continued)*

(vi) Master Procurement Agreement (2022) *(Continued)*

During the year ended 31 December 2025, the Group's actual total purchase from CIMC Group under the Master Procurement Agreement (2022) was RMB372,670,000, which did not exceed the Revised Procurement Annual Caps for the year ended 31 December 2025.

For further details of the Master Procurement Agreement (2022), please refer to the announcements of the Company dated 28 November 2022 and 23 August 2023 and the circular of the Company dated 25 September 2023.

As the Master Procurement Agreement (2022) expired on 31 December 2025, the Company entered into the Master Procurement Agreement (2025) with CIMC for a term of three years to renew the existing continuing connected transactions. Further details are set out in (vii) below.

(vii) Renewal of the Master Procurement Agreement

As set out in (vi) above, the Master Procurement Agreement (2022) expired on 31 December 2025. In this connection, on 9 September 2025, the Company as purchaser entered into the Master Procurement Agreement (2025) with CIMC as seller to renew the relevant existing continuing connected transactions with CIMC for a term of three years from 1 January 2026 to 31 December 2028, pursuant to which the Company shall continue to procure the Relevant Spare Parts and/or Raw Materials and also other ancillary services, mainly including design services for components for construction projects and transportation services for components for construction projects, from the CIMC Group.

For each of the three financial years ending 31 December 2028, the proposed annual caps of the transactions contemplated under the Master Procurement Agreement (2025) are no more than RMB560,000,000, RMB570,000,000 and RMB600,000,000 respectively. The proposed annual caps have been determined based on the historical transaction amounts under the Master Procurement Agreement (2022) and the estimated sale volumes of products that would require spare parts, raw materials and/or components for construction projects and the ancillary services supplied by the CIMC Group with reference to the estimated growth in market prices due to inflation.

As CIMC is a controlling shareholder of the Company, it is therefore a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. As a result, the transactions contemplated under the Master Procurement Agreement (2025) constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios in respect of the annual caps for the continuing connected transactions contemplated under the Master Procurement Agreement (2025) are more than 0.1% but less than 5%, the continuing connected transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For further details of the Master Procurement Agreement (2025), please refer to the announcement of the Company dated 9 September 2025.

Connected Transactions and Interests in Contracts *(Continued)*

Connected transactions and continuing connected transactions subject to annual review *(Continued)*

Non-exempt continuing connected transactions *(Continued)*

The Independent Non-executive Directors have reviewed the above transactions and confirmed that in their opinion, the above transactions have been entered into:

1. in the ordinary and usual course of business of the Group;
2. on normal commercial terms or better; and
3. in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the above transactions of the Group 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 (Revised) "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 has issued a letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group above in accordance with Listing Rule 14A.56. The auditor has the following conclusions in the letter on the continuing connected transactions disclosed by the Group:

- a. nothing has come to the auditor's attention that causes him to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors;
- b. for transactions involving the provision of goods or services by the Group, nothing has come to the auditor's attention that causes him to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- c. nothing has come to the auditor's attention that causes him to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- d. with respect to the aggregate amount of each of the above continuing connected transactions, nothing has come to the auditor's attention that causes him to believe that the disclosed continuing connected transactions have exceeded the annual caps as set by the Company.

Save as disclosed above, none of the related-party transactions or continuing related-party transactions set out in note 45 to the financial statements in this report fall within the scope of discloseable connected transaction or continuing connected transaction under the Listing Rules. The connected and continuing connected transactions of the Group are in compliance with the disclosure requirements under Chapter 14A of the Listing Rules.

Connected Transactions and Interests in Contracts *(Continued)*

Directors' and controlling shareholders' interests in transactions, arrangement or contracts of significance

Save as disclosed above, no other transactions, arrangement or contracts of significance to which the Company or its subsidiaries or fellow subsidiaries or its parent company, was a party and in which a Director or his connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Save as disclosed above, no other (i) contracts of significance between the Company or its subsidiaries and the controlling shareholder or its subsidiaries; and (ii) contracts of significance for the provision of services to the Company or its subsidiaries by the controlling shareholder or its subsidiaries subsisted at the end of the year or at any time during the year.

Note: CIMC is the holding company of Charm Wise and CIMC HK, which are substantial shareholder and controlling shareholder of the Company respectively.

Confirmation of Independence

The Company has received from each of its Independent Non-executive Directors an annual confirmation of independence and considered each of them independent to the Group pursuant to Rule 3.13 of the Listing Rules.

Corporate Governance

The Company is committed to maintaining a high level of corporate governance practices.

The Company's corporate governance report is set out on pages 57 to 88. Details of each of the Audit Committee, the Remuneration Committee and the Nomination Committee are given in the same report. The Audit Committee has reviewed and discussed with management the annual results and the audited financial statements for the year ended 31 December 2025.

Closure of Register of Members

To ascertain shareholders' entitlements to the 2025 Final Dividend, the register of members of the Company will be closed from Monday, 1 June 2026 to Thursday, 4 June 2026 (both days inclusive). In order to qualify for the 2025 Final Dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 29 May 2026. Shareholders whose names are recorded in the register of members of the Company on Thursday, 4 June 2026 will be entitled to the 2025 Final Dividend.

Subject to the approval by shareholders at the AGM to be held on Wednesday, 20 May 2026, the 2025 Final Dividend will be paid in cash on or about 29 June 2026 to shareholders whose names appear on the register of members of the Company on Thursday, 4 June 2026 (the "Record Date").

Moreover, for determination of the entitlement to attend and vote at the AGM, the transfer books and register of members will be closed from Wednesday, 13 May 2026 to Wednesday, 20 May 2026 (both days inclusive), during which period no transfer of Shares will be effected. In order to determine the identity of Shareholders who are entitled to attend and vote at the AGM, all Share transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 12 May 2026. Shareholders whose names are recorded in the register of members of the Company on Wednesday, 20 May 2026 will be entitled to attend and vote at the AGM.

Withholding and Payment of Enterprise Income Tax for Non-resident Enterprises on Distribution of the 2025 Final Dividend

Pursuant to the “Enterprise Income Tax Law of the People’s Republic of China” (the “Enterprise Income Tax Law”), “Notice of the State Administration of Taxation on Issues Concerning the Determination of Chinese-Controlled Enterprises Registered Overseas as Resident Enterprises on the Basis of Their Bodies of Actual Management” and “Announcement of the State Administration of Taxation on Issues Concerning the Determination of Resident Enterprises on the Basis of Their Actual Management Bodies”, the Administration of Local Taxation of Shenzhen Municipality issued an approval under which the Company is regarded as a Chinese Resident Enterprise, effective from the year 2013.

Pursuant to the Enterprise Income Tax Law and the “Implementation Regulations for the Enterprise Income Tax Law of the People’s Republic of China”, the Company is required to withhold and pay 10% enterprise income tax when it distributes the 2025 Final Dividend and dividends in subsequent years to its non-resident enterprise shareholders.

In respect of all shareholders whose names appear on the Company’s register of members as at the Record Date who are not individuals (including HKSCC Nominees Limited, corporate nominees or trustees such as securities companies and banks, and other entities or organisations, which are all considered as non-resident enterprise shareholders), the Company will distribute the 2025 Final Dividend after deducting an enterprise income tax of 10%. The Company will not withhold and pay the income tax in respect of the 2025 Final Dividend payable to any natural person shareholders whose names appear on the Company’s register of members as at the Record Date.

If any resident enterprise (as defined in the Enterprise Income Tax Law) listed on the Company’s register of members which is duly incorporated in the PRC or under the laws of a foreign country (or a region) but with a PRC based de facto management body, does not desire to have the Company withhold and pay the said 10% enterprise income tax, it shall lodge with Computershare Hong Kong Investor Services Limited documents from its governing tax authority confirming that the Company is not required to withhold and pay enterprise income tax in respect of the dividend that it is entitled, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, at or before 4:30 p.m. on Friday, 29 May 2026.

With respect to individual investors of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect who hold Shares through HKSCC Nominees Limited, Hong Kong Securities Clearing Company Limited will pay the amount of the 2025 Final Dividend net of the 10% enterprise withholding tax to China Securities Depository and Clearing Corporation Limited for dividend distribution in accordance with relevant requirements under the Notice Regarding Tax Policies Related to the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2014]81號)》) and Notice Regarding Tax Policies Related to the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2016]127號)》) jointly published by the Ministry of Finance of the PRC, State Administration of Taxation of the PRC and China Securities Regulatory Commission.

If anyone would like to change the identity of the holders in the register of members, please enquire about the relevant procedures with the nominees or trustees. The Company will withhold and pay the enterprise income tax for its non-resident enterprise shareholders strictly in accordance with the relevant laws and requirements of the relevant government departments and adhere strictly to the information set out in the Company’s register of members on the Record Date. The Company assumes no liability whatsoever in respect of and will not entertain any claims arising from any delay in, or inaccurate determination of, the status of the shareholders or any disputes over the mechanism of withholding and payment of enterprise income tax.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has, during the year and up to the date of this report, maintained a public float of not less than 25% of the Company’s issued shares as required under the Listing Rules.

DIRECTORS' REPORT

Purchase, Sale or Redemption of Listed Securities

During the year ended 31 December 2025 and up to the date of this report, the Company repurchased a total of 240,000 ordinary shares (the "Shares Repurchased") of the Company as treasury shares on the Stock Exchange at an aggregate consideration of HKD1,935,080. Particulars of the Shares Repurchased are as follows:

Date of Repurchase	No. of Shares Repurchased	Price Per Share		Aggregate consideration HKD
		Highest HKD	Lowest HKD	
10 December 2025	100,000	8.02	8.00	801,080
16 December 2025	140,000	8.15	7.98	1,134,000

Saved as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities (including sale of treasury shares (as defined under the Listing Rules)) of the Company during the year. As at 31 December 2025 and as at the date of this report, the Company held 240,000 treasury shares and 240,000 treasury shares, respectively.

The Company will utilize such treasury shares as permitted under the Listing Rules including but not limited to sale or transfer, subject to market conditions and its capital management needs. Holding treasury shares will give the Company flexibility in managing its capital structure without having to issue new shares.

Pre-Emptive Rights

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

Auditor

PricewaterhouseCoopers ("PwC") retired as the auditor of the Company with effect from the conclusion of the annual general meeting of the Company held on 20 May 2024 (the "2024 AGM") and did not seek re-appointment. At the 2024 AGM, the Company put forward an ordinary resolution for shareholders' approval to propose the appointment of KPMG as the auditor of the Company in place of the retiring auditor, PwC, to hold office until the conclusion of the next annual general meeting of the Company, and the remuneration of which would be determined by the Board. After the consideration and approval at the 2024 AGM, the Company appointed KPMG as the auditor of the Company. For details of the aforementioned change of auditor of the Company, please refer to the Company's announcement dated 25 March 2024, circular dated 19 April 2024 and poll results announcement dated 20 May 2024. There has been no other changes of auditor in the past three years.

The financial statements for the year have been audited by KPMG ("KPMG"), who will retire and, being eligible, offer themselves for reappointment at the forthcoming AGM.

By order of the Board

Gao Xiang

Chairman

Hong Kong, 24 March 2026

INDEPENDENT AUDITOR'S REPORT



To the shareholders of CIMC Enric Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of CIMC Enric Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 123 to 240, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, 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.

INDEPENDENT AUDITOR'S REPORT

Expected credit loss allowance for trade receivables

Refer to note 6(a)(ii-3) and 26 to the consolidated financial statements and the accounting policies on pages 146 to 148.

The Key Audit Matter

As at 31 December 2025, the Group's gross carrying amount of trade receivables was RMB3,368,245,000, against which allowances of RMB264,768,000 for expected credit losses (ECLs) were recorded.

Loss allowances for trade receivables are determined based on management's assessment on the lifetime ECL of trade receivables. Trade receivables with shared risk characteristics are assessed for the ECL on a collective basis using a provision matrix. For the trade receivables for which management is aware of specific information related to elevated credit risk or with pending lawsuits, management assesses the ECL allowances on an individual basis. Management estimates the ECL based on the past collection information and ageing profiles of trade receivables, with an adjustment to reflect both the current conditions and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables (the "forward-looking factors").

We identified the measurement of the ECL allowance for trade receivables as a key audit matter because trade receivables are material to the Group's financial statements and because the assessment of ECL requires significant management judgement, which is inherently subjective.

How the matter was addressed in our audit

Our audit procedures to assess the ECL allowance for trade receivables included the following:

- Obtaining an understanding of, and assessing the design, implementation and operating effectiveness of key internal controls relating to the measurement of the ECL allowance;
- Evaluating the Group's policy and selected methods for estimating the credit loss allowance according to the applicable accounting standards;
- For the trade receivables assessed individually, on a sample basis, checking the public information, litigation information, ageing and other supporting information or documents on which management assess the ECL allowance based;
- Obtaining an understanding of the key data selected and assumptions adopted by management in the ECL model, and assessing the key assumptions including the basis of segmentation of the trade receivables based on the shared credit risk characteristics, and the forward-looking adjustments;
- Examining the information used by management to derive the ECL calculation, including, on a sample basis, assessing whether items in the trade receivables ageing report were categorised in the appropriate ageing bands by comparing a sample of individual items with the underlying goods delivery and acceptance notes, sales invoices and other relevant underlying documents; and
- Recalculating the ECL allowance based on the Group policies.

Impairment assessment of goodwill

Refer to note 24 to the consolidated financial statements and the accounting policies on pages 135 to 137.

The Key Audit Matter

As at 31 December 2025, the aggregate carrying value of the Group's goodwill resulted from the acquisitions of various businesses totalled RMB415,058,000, against which provisions for impairment of RMB 148,651,000 were recorded.

Management performs annual impairment assessments of the cash-generating units ("CGUs") to which goodwill has been allocated and engaged an external valuer to assist with the impairment assessment of certain CGUs. Management compares the carrying amount of each CGU with its recoverable amount. The recoverable amount is determined based on the higher of the fair value less cost of disposal of the CGU or the value-in-use based on discounted cash flow forecasts.

The preparation of discounted cash flow forecasts involves significant management judgement and estimation, particularly in estimating the following:

- future revenue growth rates;
- future gross margins; and
- the pre-tax discount rates applied.

We identified impairment assessment of goodwill as a key audit matter because the assessment requires significant management judgements and estimations, which are inherently uncertain and may be affected by management bias.

How the matter was addressed in our audit

Our audit procedures to assess the impairment of goodwill included the following:

- Obtaining an understanding of and assessing the design and implementation of management's key internal controls in relation to impairment assessment of goodwill;
- On a sample basis, assessing the appropriateness of management's identification of CGUs and allocation of assets to each CGU with reference to the requirements of the prevailing accounting standards and our understanding of the Group's business;
- Assessing the competence, capabilities and objectivity of the external valuer engaged by management;
- On a sample basis, involving our internal valuation specialists to assist us in evaluating the appropriateness of valuation methodology used by management with reference to the requirements of the prevailing accounting standards and assessing the reasonableness of the discount rates applied by benchmarking against those of comparable companies;
- On a sample basis, challenging the reasonableness of the future revenue growth rates and future gross margins with reference to our understanding of the Group's business, historical trends, available industry information and available market data;
- On a sample basis, evaluating management's sensitivity analysis in respect of the future revenue growth rates, future gross margins and discount rates and considering the resulting impact on the impairment assessments and whether there is any indication of management bias;
- On a sample basis, comparing the prior year's cash flow forecasts with the actual performance of the CGUs for the current year, in order to assess the reliability of historical accuracy of management's forecasting process and whether there is any indication of management bias;
- On a sample basis, testing the mathematical accuracy of the calculation of impairment provision of goodwill; and
- Assessing the reasonableness of the disclosures in the consolidated financial statements in respect of the impairment assessment of goodwill with reference to the requirements of the prevailing accounting standards.

INDEPENDENT AUDITOR'S REPORT

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 HKSAAs 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 HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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.

INDEPENDENT AUDITOR'S REPORT

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 Ng Yu Hei (practising certificate number: P05793).

KPMG

Certified Public Accountants

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

24 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

		Year ended 31 December	
Notes		2025 RMB'000	2024 RMB'000
Revenue	7	26,325,942	24,755,737
Cost of sales		(22,651,699)	(21,201,503)
Gross profit		3,674,243	3,554,234
Other operating income	8(a)	410,976	443,024
Other (losses)/gains, net	8(b)	(150,151)	66,409
(Impairment losses)/reversal of impairment losses on financial and contract assets	9(d)	(27,398)	16,776
Selling expenses		(534,172)	(520,308)
Administrative expenses		(1,931,854)	(2,021,689)
Profit from operations		1,441,644	1,538,446
Finance costs	9(a)	(93,873)	(104,404)
Share of results of associates and a joint venture	22	45,008	9,880
Profit before taxation	9	1,392,779	1,443,922
Income tax expenses	10	(221,188)	(300,087)
Profit for the year		1,171,591	1,143,835
Attributable to:			
Equity shareholders of the Company		1,135,214	1,094,871
Non-controlling interests		36,377	48,964
Profit for the year		1,171,591	1,143,835
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
– Basic earnings per share	14	RMB0.561	RMB0.542
– Diluted earnings per share	14	RMB0.555	RMB0.515

The notes on pages 131 to 240 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Profit for the year	1,171,591	1,143,835
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	118,786	(125,946)
Other comprehensive income for the year, net of tax	118,786	(125,946)
Total comprehensive income for the year	1,290,377	1,017,889
Attributable to:		
Equity shareholders of the Company	1,254,000	968,384
Non-controlling interests	36,377	49,505
Total comprehensive income for the year	1,290,377	1,017,889

The notes on pages 131 to 240 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

		As at 31 December	
		2025	2024
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	4,710,861	4,368,886
Construction in progress	17	728,770	581,782
Right-of-use assets	18	257,381	167,919
Investment properties	19	22,358	23,151
Lease prepayments	20	616,355	547,046
Intangible assets	21	253,749	211,183
Goodwill	24	266,407	283,858
Deferred tax assets	37(b)	254,018	167,972
Interests in associates and a joint venture	22	807,668	641,882
Financial instruments at fair value through profit or loss	30	13,427	10,343
Total non-current assets		7,930,994	7,004,022
Current assets			
Inventories	25	5,249,417	5,221,465
Contract assets	15(d)	3,265,070	2,500,869
Trade and bills receivables	26	3,551,971	3,589,274
Deposits, other receivables and prepayments	27	2,721,515	2,084,554
Amounts due from related parties	45(d)	156,875	142,864
Financial instruments at fair value through profit or loss	30	6,639	20,319
Term and restricted bank deposits	28	1,547,772	1,553,940
Cash and cash equivalents	29	7,751,634	7,264,358
Total current assets		24,250,893	22,377,643
Total assets		32,181,887	29,381,665
LIABILITIES			
Non-current liabilities			
Bank loans	31	393,551	130,122
Loans from related parties	45(e)	26,934	–
Warranty provision	34	231,652	266,118
Deferred tax liabilities	37(b)	220,963	234,758
Deferred income	38	290,418	295,070
Employee benefit liabilities	39	13,022	12,487
Medium-term notes	36	1,995,035	1,992,087
Lease liabilities	18(a)	226,469	146,856
Long-term payables		24,119	–
Financial instruments at fair value through profit or loss	30	4,984	611
Total non-current liabilities		3,427,147	3,078,109

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

		As at 31 December	
		2025	2024
		RMB'000	RMB'000
Notes			
Current liabilities			
Bank loans	31	378,625	234,500
Short-term notes	36	500,000	500,000
Lease liabilities	18(a)	46,924	26,537
Loans from related parties	45(e)	200,806	129,152
Trade and bills payables	32	6,474,385	5,429,625
Contract liabilities	15(d)	4,935,918	4,613,795
Other payables and accrued expenses	33	1,891,562	1,787,773
Amounts due to related parties	45(d)	277,236	201,952
Warranty provision	34	128,583	73,838
Financial instruments at fair value through profit or loss	30	18,346	74,868
Income tax payable	37(a)	115,745	126,478
Total current liabilities		14,968,130	13,198,518
Total liabilities		18,395,277	16,276,627
Net assets		13,786,610	13,105,038
EQUITY			
Share capital	40(a)	18,540	18,521
Reserves	40(b)	12,125,667	11,480,553
Equity attributable to equity shareholders of the Company		12,144,207	11,499,074
Non-controlling interests		1,642,403	1,605,964
Total equity		13,786,610	13,105,038

The notes on pages 131 to 240 form an integral part of these consolidated financial statements.

The consolidated financial statements on pages 123 to 240 were approved by the Board of Directors on 24 March 2026 and were signed on its behalf.

Gao Xiang
Director

Yang Xiaohu
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

Attributable to equity shareholders of the Company

	Share capital RMB'000 40(a)	Share premium RMB'000 40(b)(i)	Shares held for share award scheme RMB'000 35(b)	Contributed surplus RMB'000 40(b)(ii)	Capital reserve RMB'000 40(b)(iii)	Exchange reserve RMB'000 40(b)(v)	General reserve fund RMB'000 40(b)(vi)	Retained earnings RMB'000	Convertible bonds reserve RMB'000 40(b)(iv)	Other reserve RMB'000 40(b)(vii)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2023	18,521	663,116	(56,427)	1,124,571	2,913,026	(466,608)	746,546	6,146,159	123,944	19,404	11,232,252	1,141,392	12,373,644
Profit for the year	-	-	-	-	-	-	-	1,094,871	-	-	1,094,871	48,964	1,143,835
Exchange differences on translation of foreign operations	-	-	-	-	-	(126,487)	-	-	-	-	(126,487)	541	(125,946)
Total comprehensive income for the year	-	-	-	-	-	(126,487)	-	1,094,871	-	-	968,384	49,505	1,017,889
Special reserve-safe production fund (note 40(b)(viii))	-	-	-	-	-	-	-	-	-	18,707	18,707	-	18,707
Capital contribution from non-controlling interests (note 46)	-	-	-	-	-	-	-	-	-	-	-	117,199	117,199
Equity-settled share-based payments (note 35)	-	41,846	42,325	-	(300,051)	-	-	133,178	-	-	(82,702)	383,784	301,082
Transfer to general reserve	-	-	-	-	-	-	91,601	(91,601)	-	-	-	-	-
2023 final dividends paid	-	-	-	-	-	-	-	(563,504)	-	-	(563,504)	-	(563,504)
Dividends distribution made by subsidiaries to non-controlling interests (note 46)	-	-	-	-	-	-	-	-	-	-	-	(85,916)	(85,916)
Redemption of convertible bonds	-	-	-	-	123,944	-	-	-	(123,944)	-	-	-	-
Others	-	-	-	-	(74,063)	-	-	-	-	-	(74,063)	-	(74,063)
Total contributions by and distributions to owners of the Company, recognised directly in equity	-	41,846	42,325	-	(250,170)	-	91,601	(521,927)	(123,944)	18,707	(701,562)	415,067	(286,495)
At 31 December 2024	18,521	704,962	(14,102)	1,124,571	2,662,856	(593,095)	838,147	6,719,103	-	38,111	11,499,074	1,605,964	13,105,038

The notes on pages 131 to 240 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to equity shareholders of the Company											
	Share capital RMB'000 40(a)	Share premium RMB'000 40(b)(i)	Shares held for share award scheme RMB'000 35(b)	Contributed surplus RMB'000 40(b)(ii)	Capital reserve RMB'000 40(b)(iii)	Exchange reserve RMB'000 40(b)(v)	General reserve fund RMB'000 40(b)(vi)	Retained earnings RMB'000	Other reserve RMB'000 40(b)(vii)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2024	18,521	704,962	(14,102)	1,124,571	2,662,856	(593,095)	838,147	6,719,103	38,111	11,499,074	1,605,964	13,105,038
Profit for the year	-	-	-	-	-	-	-	1,135,214	-	1,135,214	36,377	1,171,591
Exchange differences on translation of foreign operations	-	-	-	-	-	118,786	-	-	-	118,786	-	118,786
Total comprehensive income for the year	-	-	-	-	-	118,786	-	1,135,214	-	1,254,000	36,377	1,290,377
Special reserve-safe production fund	-	-	-	-	-	-	-	-	8,076	8,076	1	8,077
Issuance of shares in connection with exercise of share options (note 35(a))	19	13,641	-	-	-	-	-	-	-	13,660	-	13,660
Purchase of shares in connection with share award scheme	-	-	(1,788)	-	-	-	-	-	-	(1,788)	-	(1,788)
Capital repayment to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(8,330)	(8,330)
Capital contribution from non-controlling interests (note 46)	-	-	-	-	38,395	-	-	-	-	38,395	88,216	126,611
Equity-settled share-based payments (note 35(a), (b))	-	-	-	-	(83,138)	-	-	-	-	(83,138)	59	(83,079)
Transfer to general reserve	-	-	-	-	-	-	100,196	(100,196)	-	-	-	-
2024 final dividend paid (note 13)	-	-	-	-	-	-	-	(565,768)	-	(565,768)	-	(565,768)
Dividends distribution made by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(91,645)	(91,645)
Acquisition of a subsidiary (note 47)	-	-	-	-	-	-	-	-	-	-	12,123	12,123
Transaction with non-controlling interests	-	-	-	-	(18,304)	-	-	-	-	(18,304)	(362)	(18,666)
Total contributions by and distributions to owners of the Company, recognised directly in equity	19	13,641	(1,788)	-	(63,047)	-	100,196	(665,964)	8,076	(608,867)	62	(608,805)
At 31 December 2025	18,540	718,603	(15,890)	1,124,571	2,599,809	(474,309)	938,343	7,188,353	46,187	12,144,207	1,642,403	13,786,610

The notes on pages 131 to 240 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

		Year ended 31 December	
Notes		2025 RMB'000	2024 RMB'000
Operating activities			
		1,392,779	1,443,922
		442,432	442,527
	18	65,741	38,858
	9(d)	27,398	(16,776)
	24	22,527	11,410
		42,356	29,443
	9(b)	(83,079)	152,026
	22	(45,008)	(9,880)
	8(b)	(1,319)	(107,233)
	8(b)	23,952	122,411
	38	(33,150)	(29,753)
		(37,600)	(46,286)
	9(a)	87,862	93,643
	8(b)	1,712	(52,248)
	8(b)	(38,084)	(21,610)
		300,904	(138,449)
Operating profit before changes in working capital		2,169,423	1,912,005
		58,488	(470,321)
		75,532	83,051
		(750,060)	(236,284)
		(767,914)	98,624
		(14,011)	(76,426)
		979,634	1,100,936
		120,289	(73,850)
		246,442	171,472
		75,284	(311,003)
		535	8,005
	38	28,498	14,075
		31,895	164,900
	28	(175,775)	352,946
		8,077	18,707
Cash generated from operations		2,086,337	2,756,837
	37(a)	(343,493)	(270,467)
Net cash generated from operating activities		1,742,844	2,486,370

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

		Year ended 31 December	
		2025	2024
Notes		RMB'000	RMB'000
Investing activities			
	Payment for acquisition of property, plant and equipment and construction in progress	(894,583)	(1,077,600)
	Payment for acquisition of intangible assets	(41,077)	(58,862)
	Proceeds from disposal of property, plant and equipment, lease prepayment	9,069	140,586
	Interest received	41,944	46,286
	Acquisition of a subsidiary, net of cash acquired	(8,488)	–
	Payment for investment in associates	(148,624)	(39,375)
	Dividends from an associate	25,800	–
	Proceeds from disposal of investment in an associate	10,800	16,964
	Cash paid for settlement of derivative financial instruments	(26,072)	(171,654)
	Placement of term deposits	(1,151,950)	(1,336,553)
	Withdrawal of term deposits	1,336,503	612,990
	Payment for acquisition of financial instrument through profit or loss	(3,385)	(16,585)
	Payments for lease prepayments	(77,718)	(18,441)
	Contingent consideration (paid to)/received from non-controlling interests	(36,050)	4,700
	Net cash used in investing activities	(963,831)	(1,897,544)
Financing activities			
	Proceeds from drawdown of bank loans	1,002,639	583,927
	Repayment of bank loans	(603,416)	(697,843)
	Interest paid	(80,423)	(63,148)
	Repayment of convertible bonds	–	(1,596,406)
	Issuance of shares in connection with exercise of share options	13,660	–
	Capital contribution from non-controlling interests	126,612	115,205
	Capital repayment to non-controlling interests	(8,330)	–
	Proceeds from subscription to restricted share award scheme	–	43,398
	Proceeds from the issuance of medium-term notes and short-term notes	499,625	2,490,625
	Repayment of short-term notes	(500,000)	–
	Loans from related parties	402,543	325,150
	Repayment of loans from related parties	(303,954)	(878,812)
	Payment of lease liabilities	(54,674)	(48,101)
	Dividends paid to the Company's shareholders	(565,768)	(563,504)
	Dividends paid to non-controlling interests	(89,559)	(85,916)
	Net cash used in financing activities	(161,045)	(375,425)
	Net increase in cash and cash equivalents	617,968	213,401
	Cash and cash equivalents at 1 January	7,264,358	6,998,191
	Effect of foreign exchange rate changes	(130,692)	52,766
	Cash and cash equivalents at 31 December	7,751,634	7,264,358

The notes on pages 131 to 240 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

CIMC Enric Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in the design, development, manufacturing, engineering, sales and operation of, and the provision of technical maintenance services for, a wide spectrum of transportation, storage and processing equipment that is widely used in the clean energy, chemical and environmental and liquid food industries.

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company has been listed on The Main Board of The Stock Exchange of Hong Kong Limited since 2006.

These consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 24 March 2026.

2 Basis of preparation and changes in accounting policies

2.1 Basis of preparation of the consolidated financial statements

The consolidated financial statements of CIMC Enric Holdings Limited 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 2.2 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 the consolidated financial statements.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- financial instruments at fair value through profit or loss (see note 3.2(c)); and
- derivative financial instruments (see note 3.2(f)).

The preparation of the consolidated 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

2 Basis of preparation and changes in accounting policies *(Continued)***2.1 Basis of preparation of the consolidated 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 consolidated financial statements and major sources of estimation uncertainty are discussed in note 4.

2.2 Amended standards adopted by the Group

The Group has applied the Amendments to HKAS 21, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* issued by the HKICPA for annual reporting period commencing 1 January 2025. The amendments do not have a material impact on this annual report as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

2.3 New standards and amendments not yet adopted

Certain new accounting standards and amendments have been published that are not mandatory for the year ended 31 December 2025 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Contracts referencing nature-dependent electricity</i>	1 January 2026
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027
Amendments to HKFRS 10, <i>Consolidated financial statements</i> and HKAS 28, <i>Investments in associates and joint ventures</i> "Sale or contribution of assets between an investor and its associate or joint venture"	To be determined

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:

2 Basis of preparation and changes in accounting policies *(Continued)*

2.3 New standards and amendments not yet adopted *(Continued)*

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.

3 Summary of material and other accounting policies

3.1 Material accounting policies

(a) Revenue recognition

(i) Sales of products

Revenues are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- Provides all of the benefits received and consumed simultaneously by the customer; or
- Creates and enhances an asset that the customer controls as the Group performs; or
- Do not create an asset with alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

If control of asset transfers at a point in time, revenue is recognised when the customer obtains the physical or the legal title of the completed goods and the Group has present right to payment and the collection of the consideration is probable.

3 Summary of material and other accounting policies *(Continued)*

3.1 Material accounting policies *(Continued)*

(a) Revenue recognition *(Continued)*

(i) Sales of products *(Continued)*

When the Group recognises the revenue according to the progress of the completed services, the Group recognises the part that has obtained the unconditional right to collect consideration as accounts receivables, and the rest as contract assets, and impairment based on expected credit losses is recognised for subsequent measurement as well. If the contract price received or receivable by the Group exceeds the consideration of completed services, the excess is recognised as a contract liability. The Group's contract assets and contract liabilities under the same contract are presented on a net basis.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(ii) Project engineering contracts

Project engineering contracts are contracts specifically negotiated with a customer for the engineering design or the construction of an asset or a group of assets where the customer is able to specify the major structural elements of the design. The accounting policy for contract revenue is set out in note 3.1(a). When the outcome of a project engineering contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a project engineering contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probable be recoverable, and contract costs are recognised as an expense in the period in which they are incurred.

Project engineering contracts in progress at the balance sheet date are recorded at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are presented in the balance sheet as the "contract assets" or the "contract liabilities", as applicable. Progress billings not yet paid by the customer are included under "trade and bills receivables". Amounts received before the related work is performed are presented as "contract liabilities".

(b) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 3.1(a)(i)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs (see note 3.2(c)(iv)) and are reclassified to receivables when the right to the consideration becomes unconditional (see note 3.1(c)).

3 Summary of material and other accounting policies *(Continued)*

3.1 Material accounting policies *(Continued)*

(b) Contract assets and contract liabilities *(Continued)*

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 3.1(a)(i)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see note 3.1(c)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 3.1(a)(i)).

(c) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 26 for further information about the Group's accounting for trade receivables.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 26 for further details.

(d) Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating business level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed (see note 3.1(e)).

Upon disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

3 Summary of material and other accounting policies *(Continued)*

3.1 Material accounting policies *(Continued)*

(e) Impairment of non-financial assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- construction in progress;
- investment properties;
- right-of-use assets;
- lease prepayments;
- intangible assets;
- goodwill; and
- investments in subsidiaries, associates and joint ventures

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- **Calculation of recoverable amount**

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- **Recognition of impairment losses**

An impairment loss is recognised in the income statement if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

3 Summary of material and other accounting policies *(Continued)*

3.1 Material accounting policies *(Continued)*

(e) Impairment of non-financial assets *(Continued)*

- Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

(f) Current and deferred income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

3 Summary of material and other accounting policies *(Continued)*

3.1 Material accounting policies *(Continued)*

(f) Current and deferred income tax *(Continued)*

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

3 Summary of material and other accounting policies *(Continued)*

3.1 Material accounting policies *(Continued)*

(g) Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 3.1(h)).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

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 profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control over the financial and operating policies. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

(iii) Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

3 Summary of material and other accounting policies *(Continued)*

3.1 Material accounting policies *(Continued)*

(g) Principles of consolidation and equity accounting *(Continued)*

(iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 3.1(e).

(v) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

3 Summary of material and other accounting policies *(Continued)*

3.1 Material accounting policies *(Continued)*

(h) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred,
- liabilities incurred for the former owners of the acquired business,
- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity,

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase, recognised in "Other gains/(losses), net".

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

3 Summary of material and other accounting policies *(Continued)*

3.1 Material accounting policies *(Continued)*

(h) Business combinations *(Continued)*

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

3.2 Other accounting policies

(a) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Company's functional currency is HK dollars ("HKD"), because the funds generated from financial activities are majority HKD, and impacted the Company as a whole. As majority of the subsidiaries of the Company are located and operate in Mainland China, and apply functional currency of RMB, the consolidated financial statements are presented in RMB, which is the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within "Other gains, net".

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(b) Foreign currency translation *(Continued)*

(ii) Transactions and balances *(Continued)*

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

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

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(b) Foreign currency translation *(Continued)*

(iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

(c) Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(c) Investments and other financial assets *(Continued)*

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model adopted for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "Other gains, net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "Other gains, net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "Other gains, net" and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss subsequently measured at FVPL is recognised in profit or loss.

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(c) Investments and other financial assets *(Continued)*

(iii) Measurement *(Continued)*

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets measured at FVPL are recognised in change in fair value in the income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

(i) Credit losses from financial instruments, contract assets and lease receivables

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

- financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables, including those loans to associates and joint ventures that are held for the collection of contractual cash flows which represent solely payments of principal and interest);
- contract assets (see note 3.1(b));

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.

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(c) Investments and other financial assets *(Continued)*

(iv) Impairment *(Continued)*

- (i) Credit losses from financial instruments, contract assets and lease receivables *(Continued)*

Measurement of ECLs *(Continued)*

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;
- variable-rate financial assets: current effective interest rate;
- lease receivables: discount rate used in the measurement of the lease receivable;
- loan commitments: current risk-free rate adjusted for risks specific to the cash flows.

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

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 all possible 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.

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(c) Investments and other financial assets *(Continued)*

(iv) Impairment *(Continued)*

- (i) Credit losses from financial instruments, contract assets and lease receivables *(Continued)*

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.

(v) Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the asset becomes five years past due or 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.

(d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of a contract.

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(e) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments, and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

The Group monitors the risk that the specified debtor will default on the contract and remeasures the above liability at a higher amount when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(f) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in "Net fair value loss on financial instruments at fair value through profit or loss".

(g) Property, plant and equipment

- (i) Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 3.1(e)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 3.2(w)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the income statement on the date of retirement or disposal.

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

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

- (ii) Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Buildings	10 to 40 years
Leasehold improvements	2 to 5 years
Pipelines	25 to 30 years
Machinery	3 to 20 years
Motor vehicles	3 to 6 years
Office equipment	3 to 10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

- (iii) Construction in progress represents items of property, plant and equipment under construction and pending installation and is stated at cost less impairment losses (see note 3.1(e)). Cost comprises direct and indirect costs, related to acquisition and installation of the property, plant and equipment, incurred before the asset is substantially ready for its intended use.

Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use.

No depreciation is provided for construction in progress.

(h) Investment properties

Investment properties are land use rights and buildings held for long-term rental yields and not occupied by the Group.

Investment properties are stated at historical cost less accumulated amortisation and impairment loss, if any. They are amortised using the straight-line method over their estimated useful life of 30 to 50 years. Subsequent expenditure is charged to the carrying amount of the asset only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are expensed in income statement during the financial period in which they are incurred.

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(i) Intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour and an appropriate proportion of overheads and borrowing costs, where applicable (see note 3.2(w)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see note 3.1(e)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Others that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 3.1(e)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

Technical know-how	5 to 10 years
Tradenname	15 years
Trademarks	5 years
Software	3 to 10 years
Customer relationship	4 to 10 years
Right of operation	30 years

Both the period and method of amortisation are reviewed annually.

(j) Lease

Leases are recognised as a right-of-use asset, which include land use rights and disclosed separately as lease prepayments in note 20, and a corresponding liability at the date at which the leased asset is available for use by the Group.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(j) Lease *(Continued)*

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security,

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(j) Lease *(Continued)*

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

(i) Variable lease payments

Variable lease payments based on an index or a rate are initially measured using the index or the rate at the commencement date. The Group do not forecast future changes of the index/rate; these changes are taken into account when the lease payments change. Variable lease payments that are not based on an index or a rate are not part of the lease liability, but they are recognised in profit or loss when the events or conditions that triggers those payments occurs.

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(j) Lease *(Continued)*

(ii) Extension and termination options

Extension and termination options are included in a number of property and equipment leases of the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable upon fulfilment of certain notice period. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise such options. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

(k) Inventories

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

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion 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.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(l) Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, 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 3.2(w).

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(l) Borrowings *(Continued)*

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

(m) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends on preference share capital classified as equity are recognised as distributions within equity.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. The liability is recognised in accordance with the Group's policy for interest-bearing borrowings set out in note 3.2(l) and accordingly dividends thereon are recognised on an accruals basis in the income statement as part of finance costs.

(n) Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and 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.

(p) Employee benefits

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

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Pursuant to the relevant laws and regulations of the PRC, the PRC subsidiaries have joined a defined contribution basic retirement scheme for their employees arranged by the local Labour and Social Security Bureau. The subsidiaries make contributions to the retirement scheme at the applicable rates based on the amounts stipulated by the government organisation. The contributions are accrued in the year in which the associated services are rendered by employees. When employees retire, the local Labour and Social Security Bureau are responsible for the payment of the basic retirement benefits to the retired employees. The Group has no further obligations beyond the annual contributions.

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(p) Employee benefits *(Continued)*

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

Besides the retirement benefits, pursuant to the relevant laws and regulations of the PRC, the PRC subsidiaries are obligated to make contributions to social security plans for employees, including housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance, at the applicable rate(s) based on the employees' salaries. The contributions are accrued in the year in which the associated services are rendered by employees.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, employees contributions are subject to a cap of monthly relevant income of HKD30,000. Contributions to the plan vest immediately.

(ii) Share-based payments

The fair value of share options and restricted award shares granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity.

For grant of share options, the fair value is measured at grant date using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest. For grant of restricted award shares, the amount to be expensed as share-based compensation expenses is determined by reference to the fair value of the restricted shares granted, taking into account all non-vesting conditions associated with the grants on grant date. The total expense is recognised on a straight-line basis over the relevant vesting periods, with a corresponding credit made to an employee share-based capital reserve under equity.

For grant of share options, during the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the income statement for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share capital and share premium account) or the option expires and lapsed (when it is released directly to retained earnings).

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(p) Employee benefits *(Continued)*

(ii) Share-based payments *(Continued)*

For grant of restricted award shares, during the vesting periods, the Group revises its estimates of the number of restricted award shares that are expected to ultimately vest based on the vesting conditions at the end of each reporting period. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to employee share-based compensation expense in the current year, with a corresponding adjustment to the employee share-based capital reserve.

For grant of restricted award shares, shares held by the Group's Trust are disclosed as shares held for share award scheme and deducted from equity.

(iii) Jubilee benefits

Jubilee benefits ascribed to past service are calculated and added to the staff remuneration provision. Changes in the provision are recognised in the income statement.

(q) Provisions and contingent liabilities

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

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow 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.

(r) Convertible bond

The component parts of the convertible bond issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(r) Convertible bond *(Continued)*

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

The Group assesses if the embedded derivatives in respect of the early redemption features are deemed to be clearly and closely related to the host debt contract. Embedded derivatives need not be separated if they are regarded as closely related to its host contract. If they are not, they would be separately accounted for.

Transaction costs that relate to the issue of the convertible bond are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bond using the effective interest method.

(s) Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in profit or loss as part of "other operating income".

Interest income is presented as "interest income from bank deposits" where it is earned from financial assets that are held for cash management purposes, see note 8 below.

(t) Government grants

Unconditional government grants are recognised in the income statement as income when the grants become receivable. Other government grants are presented initially in the balance sheet and shall be recognised in the income statement when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grants. Grants related to the subsidy of acquiring assets are presented as deferred income in the balance sheet and are recognised in the income statement on a systematic and rational basis over the useful lives of the assets. Grants related to compensating expenses are recognised in the income statement on a systematic and rational basis in the same period as those expenses are charged in the income statement and presented in "other operating income".

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(u) Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed after reporting period.

(v) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(w) 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.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(x) Related parties

- (i) A person, or a close member of that person's family, is related to the Group if that person:
- has control or joint control of the Group;
 - has significant influence over the Group; or
 - is a member of the key management personnel of the Group or the Group's parent.
- (ii) An entity is related to the Group if any of the following conditions applies:
- 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);
 - 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);
 - Both entities are joint ventures of the same third party;
 - One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - The entity is controlled or jointly controlled by a person identified in (i);
 - A person identified in the first point of (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);
 - One entity provides key management personnel services to the Group or the Company'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 person in their dealings with the entity.

3 Summary of material and other accounting policies *(Continued)*

3.2 Other accounting policies *(Continued)*

(y) 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.

4 Accounting estimates and judgements

Certain critical accounting judgements in applying the Group's accounting policies are described below.

(a) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

In considering the impairment losses that may be required for receivables and other financial assets, future cash flows need to be determined. One of the key assumptions that has to be applied is the ability of the debtors to settle the receivables. Notwithstanding that the Group has used all available information to make this estimation, inherent uncertainty exists and actual write-offs may be higher than the amount estimated.

(b) Impairment of non-financial assets

In considering the impairment losses that may be required for certain of the Group's assets which include goodwill, the recoverable amount of the asset needs to be determined. The recoverable amount is the higher of the fair value less costs of disposal and the value in use. It is difficult to precisely estimate fair value because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to items such as level of sale volume, selling price, discount rates 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 sale volume, selling price, discount rates and amount of operating costs.

4 Accounting estimates and judgements *(Continued)*

(c) Completion percentage of input method

As explained in notes 3.1(a) and 3.1(b) revenue recognition on an uncompleted project is dependent on estimating the outcome of the project engineering contract, as well as the work done to date. Based on the Group's recent experience and the nature of the project engineering activity undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

(d) Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

5 Fair value measurement of financial instruments

(a) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. The different levels of fair value estimation have been defined as follows:

- **Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.
- **Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- **Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2025 and 31 December 2024 on a recurring basis:

	At 31 December 2025		At 31 December 2024	
	Level 2 RMB'000	Level 3 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Financial assets				
– FVPL – foreign currency forwards	1,454	–	2,130	–
– FVPL – contingent considerations receivable	–	–	–	13,004
– FVPL – unlisted equity securities	–	18,612	–	15,528
– FVOCI – bills receivables	–	314,708	–	288,307
Financial liabilities				
– FVPL – foreign currency forwards	7,880	–	25,398	–
– FVPL – contingent considerations payable	–	15,450	–	50,081

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 Fair value measurement of financial instruments *(Continued)***(a) Fair value hierarchy** *(Continued)*

As at 31 December 2025 and 2024, the Group's financial instruments measured at fair value through other comprehensive income were mainly bills receivables which were classified as level 3. These instruments are not traded in an active market, their fair values have been determined by using various applicable valuation techniques. The following table presents the changes of the Group's financial assets of level 3 within the fair value hierarchy for the year ended 31 December 2025 and 2024:

	Bills receivables RMB'000	Contingent considerations receivable RMB'000	Unlisted equity securities RMB'000	Total RMB'000
At 1 January 2024	292,804	17,704	–	310,508
Additions	3,012,123	–	16,400	3,028,523
Disposals/settlements	(3,016,620)	(4,700)	–	(3,021,320)
Fair value change recognised in profit or loss	–	–	(872)	(872)
At 31 December 2024	288,307	13,004	15,528	316,839
	Bills receivables RMB'000	Contingent considerations receivable RMB'000	Unlisted equity securities RMB'000	Total RMB'000
At 1 January 2025	288,307	13,004	15,528	316,839
Additions	3,388,968	–	3,384	3,392,352
Disposals/settlements	(3,362,567)	–	–	(3,362,567)
Fair value change recognised in profit or loss	–	(13,004)	(300)	(13,304)
At 31 December 2025	314,708	–	18,612	333,320

5 Fair value measurement of financial instruments *(Continued)*

(a) Fair value hierarchy *(Continued)*

The following table presents the changes of the Group's financial liabilities of level 3 within the fair value hierarchy for the year ended 31 December 2025:

	Contingent considerations payable	
	2025 RMB'000	2024 RMB'000
At 1 January	50,081	48,040
Payments to vendor	(36,050)	–
Fair value change recognised in profit or loss	1,419	2,041
At 31 December	15,450	50,081

There were no transfers among Levels 1, 2 and 3 during the period.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2025 and 2024.

(b) Valuation techniques used to determine fair values

Level 2 financial instruments comprise forward foreign exchange contracts. The fair value of forward exchange contracts is determined by discounting the difference between the contractual forward price and the current forward price. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period plus an adequate constant credit spread.

Level 3 financial instruments comprise bills receivables, contingent considerations, unlisted equity securities and contingent liabilities. Bills receivables were fair valued by using future cash inflow with discount. The contingent considerations and contingent liabilities were estimated based on the value of probable future cash outflow or inflow with discount. The fair value of unlisted equity securities is estimated based on present value of expected return from the securities.

There were no other changes in valuation techniques during the period.

5 Fair value measurement of financial instruments *(Continued)*

(c) Valuation processes of the Group

A team in the finance department of the Group performs the valuations of financial instruments required for financial reporting purposes. This team reports directly to the financial controller. Discussions of valuation processes and results are held between the financial controller and the valuation team at least twice a year.

(d) Fair value of other financial instruments

The Group also has a number of financial instruments which are not measured at fair value in the consolidated balance sheet. For the majority of these instruments, the fair values are not materially different from their carrying amounts, since they are either close to current market rates or short-term in nature.

6 Financial risk management

Exposure to credit, liquidity, interest rate and currency risks arise 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 arises from cash and cash equivalents, contractual cash flows of debt instruments carried at amortised cost, at FVOCI and at FVPL, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

(i) Risk management

The Group's credit risk is primarily attributable to trade and bills receivables, contract assets, other receivables and bank balances. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In order to minimise the credit risk, management of the Group has delegated a team responsible for credit risk management. Management assessed the provision of impairment on the basis of expected credit losses model ("ECL"). ECL for trade receivables is based on management's estimate of the lifetime ECL to be incurred, which is estimated by taking into account the credit loss experience, ageing of overdue balances, customers' repayment history and financial position and an assessment of both the current and forecast general economic environment.

6 Financial risk management *(Continued)*

(a) Credit risk *(Continued)*

(ii) Impairment of financial assets

The Group has five types of financial assets that are subject to the expected credit loss model:

- Trade receivables
- Contract assets
- Bills receivables
- Other receivables, including amounts due from related parties
- Cash and bank balances

(ii-1) Cash and bank balances

While cash and bank balances are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

(ii-2) Bills receivables

The Group's bills receivables are bank acceptance notes and trade acceptance notes issued by banks and large corporates with good reputation, and the Group has assessed that the expected credit losses are not significant in 2025.

(ii-3) Trade receivables and contract assets

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses of trade receivables and contract assets, trade receivables and contract assets have been assessed for impairment either on an individual basis and or a collective group basis based on different credit risk characteristics. The contract assets relate to unbilled work in progress, and their risk characteristics are essentially the same as the trade receivables of similar contracts. Therefore, the Group considers that the expected credit loss rate of trade receivables is close to that of contract assets.

Trade receivables and contract assets are categorised as follows for assessment purpose:

- Group 1 – individual Receivables and contract assets with pending lawsuits or disputes
- Group 2 – collective Other trade receivables and contract assets

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 Financial risk management *(Continued)*(a) Credit risk *(Continued)*(ii) Impairment of financial assets *(Continued)*(ii-3) Trade receivables and contract assets *(Continued)*

As at 31 December 2025 and 2024, the gross carrying amount and the loss allowance of trade receivables and contract assets in these categories are as follows:

	31 December 2025		31 December 2024	
	Cost RMB'000	Loss allowance RMB'000	Cost RMB'000	Loss allowance RMB'000
Group 1				
– Trade receivables	143,287	(128,496)	140,743	(120,175)
– Contract assets	–	–	3,224	(2,418)
Group 2				
– Trade receivables	3,224,958	(136,272)	3,239,417	(135,121)
– Contract assets	3,298,993	(33,923)	2,520,726	(20,663)
Total	6,667,238	(298,691)	5,904,110	(278,377)

For receivables and contract assets with pending lawsuits or disputes, the credit risk characteristics are unique, the Group has assessed the expected credit losses on an individual basis.

For the remaining trade receivables and contract assets, the expected loss rates are assessed based on the payment profiles of sales over a period of 36 months before 31 December 2025 or 2024 respectively and the corresponding historical credit losses experienced within the periods. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle the receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 Financial risk management (Continued)

(a) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

(ii-3) Trade receivables and contract assets (Continued)

The loss allowance of Group 2 as at 31 December 2025 and 31 December 2024 was determined as follows for both trade receivables and contract assets:

	Current RMB'000	Less than 3 months past due RMB'000	More than 3 months but less than 12 months past due RMB'000	More than 1 year but less than 2 years past due RMB'000	More than 2 years but less than 3 years past due RMB'000	More than 3 years but less than 5 years past due RMB'000	More than 5 years past due RMB'000	Total RMB'000
		31 December 2025						
Expected loss rate	1.70%	3.92%	5.31%	10.62%	32.70%	63.35%	100.00%	2.61%
Gross carrying amount								
- trade receivables	2,385,798	391,355	300,635	94,076	22,183	16,659	14,252	3,224,958
Gross carrying amount								
- contract assets	3,298,993	-	-	-	-	-	-	3,298,993
Loss allowance	96,823	15,359	15,963	9,991	7,253	10,554	14,252	170,195
31 December 2024								
Expected loss rate	1.35%	3.03%	5.41%	16.68%	41.39%	60.38%	100.00%	2.70%
Gross carrying amount								
- trade receivables	2,425,801	426,863	251,015	58,984	30,320	15,538	30,896	3,239,417
Gross carrying amount								
- contract assets	2,520,726	-	-	-	-	-	-	2,520,726
Loss allowance	66,613	12,935	13,570	9,840	12,548	9,382	30,896	155,784

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 Financial risk management *(Continued)***(a) Credit risk** *(Continued)***(ii) Impairment of financial assets** *(Continued)***(ii-3) Trade receivables and contract assets** *(Continued)*

The loss allowance for trade receivables and contract assets as at 31 December reconciles to the opening loss allowance as follows:

	Trade receivables RMB'000	Contract assets RMB'000
Opening loss allowance as at 1 January 2024	267,366	55,126
Increase in loss allowance recognised in profit or loss during the year	52,770	4,914
Reversal of impairment provision	(48,880)	(33,937)
Written off during the year as uncollectible	(15,552)	(3,149)
Exchange differences	(408)	127
Closing loss allowance as at 31 December 2024	255,296	23,081
Increase in loss allowance recognised in profit or loss during the year	35,501	13,658
Reversal of impairment provision	(27,881)	(2,513)
Written off during the year as uncollectible	(742)	(550)
Exchange differences	2,594	247
Closing loss allowance as at 31 December 2025	264,768	33,923

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

6 Financial risk management *(Continued)*

(a) Credit risk *(Continued)*

(ii) Impairment of financial assets *(Continued)*

(ii-4) Other receivables, including amounts due from related parties

As at 31 December 2025, the Group has assessed that other receivables due from related and third parties are considered to have low credit risk, and the loss allowance recognised during the year was therefore limited to 12 months' expected losses. Management consider 'low credit risk' for other receivables due from third parties where they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. Moreover, other receivables from related parties are considered to be low credit risk considering the good financial position and credit history of the related parties.

The loss allowance for other financial assets at amortised cost as at 31 December reconciles to the opening loss allowance as follows:

	Other receivables due from third parties RMB'000	Other receivables due from related parties RMB'000
Opening loss allowance as at 1 January 2024	13,964	13,375
Increase in the allowance recognised in profit or loss during the year	374	8,150
Reversal of impairment provision	(167)	–
Receivables written off during the year as uncollectible	(155)	–
Reclassification	21,525	(21,525)
	<hr/>	<hr/>
Closing loss allowance as at 31 December 2024	35,541	–
Increase in the allowance recognised in profit or loss during the year	9,171	–
Reversal of impairment provision	(538)	–
Receivables written off during the year as uncollectible	(7,245)	–
	<hr/>	<hr/>
Closing loss allowance as at 31 December 2025	36,929	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 Financial risk management (Continued)**(b) Liquidity risk**

Individual operating entities within the Group are responsible for their own cash management, including the raising of loans to cover expected cash demands, subject to approval granted by the parent company when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, 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 following table details the remaining contractual maturities at the balance sheet date of the Group's 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 balance sheet date) and the earliest date the Group can be required to pay:

	2025					2024				
	Contractual undiscounted cash flow					Contractual undiscounted cash flow				
	Within 1 year or on demand	1 to 5 years	5 to 10 years	Total	Carrying amount	Within 1 year or on demand	1 to 5 years	5 to 10 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans	390,950	204,963	256,422	852,335	772,176	241,509	86,445	56,174	384,128	364,622
Trade and bills payables	6,474,385	-	-	6,474,385	6,474,385	5,429,625	-	-	5,429,625	5,429,625
Other payables excluding payroll, tax payable, other surcharges payable and accrued expenses	295,837	-	-	295,837	295,837	269,442	-	-	269,442	269,442
Loans from related parties and amounts due to related parties	482,261	27,199	-	509,460	504,976	333,544	-	-	333,544	331,104
Lease liabilities	6,047	191,460	95,855	293,362	273,393	1,977	119,092	66,653	187,722	173,393
Short-term and Medium- term notes	548,172	2,101,646	-	2,649,818	2,495,035	549,637	2,150,009	-	2,699,646	1,992,087
Financial instruments at fair value through profit or loss	2,896	4,984	-	7,880	7,880	24,787	611	-	25,398	25,398
	8,200,548	2,530,252	352,277	11,083,077	10,823,682	6,850,521	2,356,157	122,827	9,329,505	8,585,671

6 Financial risk management *(Continued)*

(c) Interest rate risk

The Group's interest rate risk arises primarily from interest-bearing bank deposits, bank loans, loans from related parties and convertible bonds with floating and fixed rates. Those carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk.

Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure.

The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's bank deposits, bank loans, loans from related parties, medium-term notes, short-term notes at the balance sheet date.

	2025		2024	
	Effective interest rate %	RMB'000	Effective interest rate %	RMB'000
Bank deposits				
– Floating rate	1.25%	6,961,028	2.00%	6,974,325
– Fixed rate	3.44%	2,337,967	3.17%	1,843,394
Bank loans				
– Floating rate	2.60%	(542,792)	3.34%	(161,933)
– Fixed rate	1.84%	(229,384)	1.14%	(202,500)
Loans from related parties				
– Fixed rate	1.82%	(227,740)	1.89%	(129,152)
Medium-term notes				
– Fixed rate	2.39%	(1,995,035)	2.39%	(1,992,087)
Short-term notes				
– Fixed rate	1.70%	(500,000)	2.02%	(500,000)

6 Financial risk management *(Continued)*

(c) Interest rate risk *(Continued)*

(ii) Sensitivity analysis

At 31 December 2025, it is estimated that a general increase/(decrease) of 50 basis points in interest rates, with all other variables held constant, would increase/(decrease) the Group's profit after tax and retained earnings by approximately RMB24,068,000 (2024: RMB26,525,000). Other components of consolidated equity would not change in response to the general increase/(decrease) in interest rates.

For the sensitivity analysis above in respect of the exposure to cash flow interest rate risk arising from floating rate bank deposits and bank loans held by the Group at the balance sheet date, the impact on the Group's profit after tax (and retained earnings) is estimated as an annualised impact on interest income assuming that such a change in interest rates had occurred at the balance sheet date.

(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 foreign currencies, i.e. currencies other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk is primarily ("USD") and ("EUR"). The Group manages this risk as follows:

(i) Forecast transactions

Depreciation or appreciation of the Renminbi against foreign currencies can affect the Group's results. The Group manage the magnitude of cash flows arising from the foreign exchange purchases and sales and timing of payment and receipts so as to minimise the magnitude of foreign exchange translation from their functional currency.

(ii) Recognised assets and liabilities

In respect of financial assets and liabilities held in currencies other than the functional currency of the operations to which they relate, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The Group's borrowings are denominated in RMB and HKD. The period of these borrowings are generally within 12 months. The Group considered the foreign currency risk arising from these short term borrowings is insignificant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 Financial risk management (Continued)**(d) Currency risk** (Continued)**(iii) Exposure to currency risk**

The following table details the Group's exposure at the balance sheet date 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.

	Exposure to foreign currencies			
	2025			
	USD RMB'000	HKD RMB'000	EUR RMB'000	GBP RMB'000
Trade and bills receivables	780,455	2,661	13,878	–
Deposits and other receivables	450,327	188,451	221,636	152,785
Cash and cash equivalents	3,101,458	3,073	116,501	–
Restricted cash	360	–	–	–
Trade and bills payables	(567,658)	(21)	(286,471)	(188,321)
Other payables and accrued expenses	(46,678)	(97)	(8,071)	(4,821)
FVPL – foreign currency forwards	–	–	(44,383)	–
Overall net exposure	3,718,264	194,067	13,090	(40,357)

	Exposure to foreign currencies			
	2024			
	USD RMB'000	HKD RMB'000	EUR RMB'000	GBP RMB'000
Trade and bills receivables	848,599	874	17,629	–
Deposits and other receivables	669,143	187,933	446,831	152,378
Cash and cash equivalents	2,128,522	646	182,331	–
Restricted cash	999	–	–	–
Trade and bills payables	(607,782)	(70)	(28,994)	(192,992)
Other payables and accrued expenses	(41,954)	(38)	(25,381)	(6,377)
FVPL – foreign currency forwards	–	–	(454,681)	–
Overall net exposure	2,997,527	189,345	137,735	(46,991)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 Financial risk management *(Continued)***(d) Currency risk** *(Continued)***(iv) Sensitivity analysis**

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

	2025		2024	
	Increase/ (decrease) in foreign exchange %	Increase/ (decrease) profit after tax and retained earnings RMB'000	Increase/ (decrease) in foreign exchange %	Increase/ (decrease) profit after tax and retained earnings RMB'000
USD	5%	139,435	5%	112,407
	-5%	(139,435)	-5%	(112,407)
HKD	5%	7,278	5%	7,100
	-5%	(7,278)	-5%	(7,100)
EUR	5%	491	5%	5,165
	-5%	(491)	-5%	(5,165)
GBP	5%	(1,513)	5%	(1,762)
	-5%	1,513	-5%	1,762

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax (and retained earnings) measured in the respective functional currencies, translated from foreign currencies into the functional currency at the exchange rate ruling at the balance sheet date 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 balance sheet date, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 Revenue

The Group is principally engaged in the design, development, manufacturing, engineering, sales and operation of, and the provision of technical maintenance services for, a wide spectrum of transportation, storage and processing equipment that is widely used in the clean energy, chemical and environmental and liquid food industries.

Revenue represents: (i) the sales value of goods sold after allowances for returns of goods, excluding value-added tax or other sales taxes and after the deduction of any trade discounts; and (ii) revenue from project engineering contracts. The amount of each significant category of revenue recognised in revenue during the year is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of goods	16,278,560	15,610,859
Revenue from project engineering contracts	10,047,382	9,144,878
	26,325,942	24,755,737

- (i) 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 amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts was RMB24,880,967,000 (as at 31 December 2024: RMB21,467,353,000). This amount represents revenue expected to be recognised in the future from project engineering contracts entered into by the Group and its customers. The Group will recognise the expected revenue in the future when or as the work is completed.

8 Other operating income and other (losses)/gains, net

		2025 RMB'000	2024 RMB'000
(a) Other operating income			
Government grants	(i)	82,975	82,733
Additional deduction for VAT	(ii)	32,663	48,659
Other operating revenue	(iii)	126,772	123,155
Interest income		168,566	188,477
		410,976	443,024

- (i) Government grants represent various forms of incentives and subsidies given to the Company's subsidiaries by the PRC government, which includes the recognition of deferred government grants amounting to RMB33,150,000 as set out in note 38 (2024: RMB29,753,000).
- (ii) Additional deduction for VAT represents the preferential tax treatment for advanced manufacturing companies that the Group was qualified for.
- (iii) Other operating revenue consists mainly of income earned from the sale of scrap materials and provision of repair work and subcontracting service.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 Other operating income and other (losses)/gains, net (Continued)

	2025 RMB'000	2024 RMB'000
(b) Other (losses)/gains, net		
Foreign exchange loss	(170,230)	(223)
Net fair value loss on financial instruments at fair value through profit or loss	(23,952)	(122,411)
Write-back of payables and advances from customers (i)	1,319	107,233
Net (losses)/gains on disposal of property, plant and equipment, lease prepayment and intangible assets	(1,712)	52,248
Compensation received	9,841	4,504
Gains on disposal of investment in an associate and subsidiaries	38,084	21,610
Donation expenses	(450)	(590)
Other net (losses)/gains	(3,051)	4,038
	(150,151)	66,409

(i) Amounts represent the write-back of long-aged payables and advances from customers.

9 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2025 RMB'000	2024 RMB'000
Interest on bank loans and loans from related parties	22,993	30,304
Interest on lease liabilities	6,913	3,287
Interest on convertible bonds	–	39,921
Interest on medium-term and short-term notes	59,972	24,820
Less: interest capitalised	(2,016)	(4,689)
Bank charges	6,011	10,761
	93,873	104,404

As at 31 December 2025, the interest rates applicable to borrowings associated with interest capitalised ranged from 1.85% to 3.49% (31 December 2024: 2.75% to 3.94%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 Profit before taxation *(Continued)***(b) Staff costs**

	2025 RMB'000	2024 RMB'000
Salaries, wages and allowances	2,424,589	2,308,999
Contributions to retirement schemes (note 39)	168,937	158,629
Equity-settled share-based payment expenses (note 35)	(83,079)	152,026
	2,510,447	2,619,654

(c) Other items

	2025 RMB'000	2024 RMB'000
Cost of inventories (note 25)#	14,134,959	12,975,010
Cost from project engineering contracts (note 25)#	8,516,740	8,226,493
Auditor's remuneration		
– Audit services	9,519	7,727
– Non-audit services	2,167	5,361
Depreciation of property, plant and equipment (note 16)	363,371	363,516
Depreciation of right-of-use assets (note 18)	65,741	38,858
Depreciation of investment properties (note 19)	466	1,018
Amortisation of lease prepayments (note 20)	16,895	15,415
Amortisation of intangible assets (note 21)	61,700	62,578
Write-down of inventories (note 25)	46,541	38,122
Reversal of write-down of inventories (note 25)	(4,185)	(8,679)
Research and development costs	729,116	734,519
Lease charges for property rental (note 18)	15,377	9,897
Provision for product warranties (note 34)	214,575	249,838
Reversal of provision for product warranties (note 34)	(137,048)	(71,878)

Cost of inventories and costs from project engineering contracts included costs relating to staff costs, depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in note 9(b) for each of these types of expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 Profit before taxation *(Continued)*

(d) (Impairment losses)/reversal of impairment losses on financial and contract assets

	2025 RMB'000	2024 RMB'000
Impairment provision for trade receivables (note 6(a))	(35,501)	(52,770)
Reversal of impairment provision for trade receivables (note 6(a))	27,881	48,880
Impairment provision for contract assets (note 6(a))	(13,658)	(4,914)
Reversal of impairment provision for contract assets (note 6(a))	2,513	33,937
Impairment provision for other receivables (note 6(a))	(9,171)	(8,524)
Reversal of impairment provision for other receivables (note 6(a))	538	167
	(27,398)	16,776

10 Income tax in the consolidated statement of profit or loss

(a) Taxation in the consolidated statement of profit or loss represents:

	2025 RMB'000	2024 RMB'000
Current tax		
Provision for the year	340,965	281,648
(Over)/under-provision in respect of prior years	(4,696)	38,198
	336,269	319,846
Deferred tax		
Origination and reversal of temporary differences	(115,081)	(19,759)
	221,188	300,087

10 Income tax in the consolidated statement of profit or loss *(Continued)*

(a) Taxation in the consolidated statement of profit or loss represents: *(Continued)*

- (i) No provision has been made for Hong Kong Profits Tax as the Group did not have assessable profits subject to Hong Kong Profits Tax during the years.
- (ii) According to the Corporate Income Tax Law of the People's Republic of China (the "Tax Law"), the Company's subsidiaries in the PRC are subject to statutory income tax rate of 25%, except for those which are entitled to a preferential tax rate applicable to advanced and new technology enterprises of 15%.
- (iii) Pursuant to the Tax Law, "Notice of the State Administration of Taxation on Issues Concerning the Determination of Chinese-Controlled Enterprises Registered Overseas as Resident Enterprises on the Basis of Their Bodies of Actual Management" and "Announcement of the State Administration of Taxation on Issues Concerning the Determination of Resident Enterprises on the Basis of Their Actual Management Bodies", the Administration of Local Taxation of Shenzhen Municipality issued an approval under which the Company and all the foreign incorporated subsidiaries with shareholdings in the PRC subsidiaries of the Group are regarded as Chinese resident enterprises. Therefore, during the year, no withholding tax liability was provided for the distributable profits of PRC subsidiaries.
- (iv) Taxation of subsidiaries in the Netherlands, Belgium, Denmark, Germany, United Kingdom, Canada, United States, and Singapore are charged at the prevailing rates of 26%, 25%, 22%, 29%, 19%, 31%, 24% and 17% respectively in the relevant countries and are calculated on a stand-alone basis.
- (v) Amendments to HKAS 12 "International Tax Reform – Pillar Two Model Rules" were issued in July 2024 which are effective upon issuance and require retrospective application. The Group applied the temporary exception from deferred tax accounting for Pillar Two top-up taxes immediately upon the release of the amendments in July 2024.

The Organization for Economic Co-operation and Development ("OECD") published Pillar Two model rules in December 2021, with the effect that a jurisdiction may enact domestic tax laws ("Pillar Two legislation") to implement the Pillar Two model rules on a globally agreed common approach. Pillar Two legislation applies to a member of a multinational group within the scope of the Pillar Two model rules, which the Group is reasonably expected to fall into. It imposes a top-up tax on profits arising in a jurisdiction whenever the effective tax rate determined by the Pillar Two model rules on a jurisdictional basis is below a minimum rate of 15%.

As of the reporting date, Pillar Two legislation has come into effect in certain jurisdictions in which the Group operates, including the Netherlands, Belgium, Denmark, Germany, the United Kingdom, Canada, Hong Kong and Singapore. The Group has assessed the top-up tax implication under the Pillar Two legislation based on the financial data for the year ended 31 December 2025 and does not anticipate significant exposure to Pillar Two top-up taxes as of the reporting date. The Group will continue to monitor global developments related to the Pillar Two legislation and reassess any potential impacts accordingly.

The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred income tax assets and liabilities related to Pillar Two Income Taxes and accounted for the tax as current tax when incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 Income tax in the consolidated statement of profit or loss *(Continued)*

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2025 RMB'000	2024 RMB'000
Profit before taxation	1,392,779	1,443,922
Notional tax on profit before taxation, calculated at the applicable rates	355,861	357,109
Effect of tax concessions (a(ii))	(128,196)	(147,864)
Super deduction for research and development expenditure	(64,804)	(57,959)
Tax effect of non-deductible expenses	3,173	28,475
Income not subject to tax	(11,418)	–
Tax effect of tax losses not recognised as deferred tax assets	73,816	78,766
Tax effect of temporary differences not recognised as deferred tax assets	6,470	20,328
(Over)/under-provision in respect of prior years	(4,696)	38,198
Utilisation of tax losses which no deferred tax assets were recognised before	(9,018)	(16,966)
Income tax expenses	221,188	300,087

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 Directors' remuneration

Details of Directors' remuneration for the year ended 31 December 2025 are as follows:

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement scheme contributions RMB'000	Discretionary bonuses RMB'000	Total RMB'000	Share Incentive Scheme RMB'000
Executive Director						
Yang Xiaohu	-	1,166	39	2,921	4,126	Notes 2, 3 & 4
Non-executive Directors						
Gao Xiang	166	-	-	-	166	Notes 2, 3 & 4
Yu Yuqun (iii)	111	-	-	-	111	Notes 2 & 4
Wang Yu	166	-	-	-	166	Notes 2, 3 & 4
Zeng Han	166	-	-	-	166	Notes 2, 3 & 4
Wang Xiaoyan (iv)	58	-	-	-	58	Note 1
Independent Non-Executive Directors						
Tsui Kei Pang	295	-	-	-	295	Note 4
Wong Lai, Sarah	295	-	-	-	295	Notes 1 & 4
Qiu Hong (ii)	295	-	-	-	295	Note 1
Yang Lei	295	-	-	-	295	Notes 1 & 4
	1,847	1,166	39	2,921	5,973	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 Directors' remuneration *(Continued)*

Details of Directors' remuneration for the year ended 31 December 2024 are as follows:

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement scheme contributions RMB'000	Discretionary bonuses RMB'000	Total RMB'000	Share Incentive Scheme RMB'000
Executive Director						
Yang Xiaohu	-	1,260	39	3,661	4,960	Notes 2, 3 & 4
Non-executive Directors						
Gao Xiang	166	-	-	-	166	Notes 2, 3 & 4
Yu Yuqun (iii)	166	-	-	-	166	Notes 2 & 4
Wang Yu	166	-	-	-	166	Notes 2, 3 & 4
Zeng Han	166	-	-	-	166	Notes 2, 3 & 4
Independent Non-Executive Directors						
Tsui Kei Pang	295	-	-	-	295	Note 4
Wang Caiyong (i)	221	-	-	-	221	
Wong Lai, Sarah	295	-	-	-	295	Notes 1 & 4
Qiu Hong (ii)	74	-	-	-	74	Note 1
Yang Lei	295	-	-	-	295	Notes 1 & 4
	1,844	1,260	39	3,661	6,804	

Note 1: For the year ended 31 December 2025, Mr. Yang Lei, Ms. Wong Lai, Sarah, Ms. Qiu Hong (Independent Non-executive Directors of the Company) and Mr. Wang Xiaoyan (a Non-executive Director of the Company) had been granted 175,000, 266,000, 300,000 and 600,000 restricted shares respectively under the Share Award Scheme 2020 of the Company. The related share-based payment expense recognised by the Group during the year that was attributed to Mr. Yang Lei, Ms. Wong Lai, Sarah, Ms. Qiu Hong and Mr. Wang Xiaoyan amounted to approximately RMB78,000, RMB119,000, RMB134,000 and RMB268,000 respectively.

Note 2: As at 31 December 2025, Mr. Yang Xiaohu, held 1.86% interest in the enlarged capital of CIMC Safeway (a subsidiary of the Company) and Incentive Scheme (the "Safeway Incentive Scheme"); Mr. Gao Xiang, Mr. Yu Yuqun, Mr. Zeng Han and Mr. Wang Yu held 0.28%, 0.11%, 0.11% and 0.11% interest respectively in the enlarged capital of CIMC Safeway under the Safeway Incentive Scheme. For the year ended 31 December 2025, the related share-based payment expense recognised by the Group that was attributable to Mr. Yang Xiaohu, Mr. Gao Xiang, Mr. Yu Yuqun, Mr. Zeng Han and Mr. Wang Yu amounted to approximately RMB1,649,000, RMB252,000, RMB101,000, RMB101,000 and RMB101,000 respectively.

11 Directors' remuneration (Continued)

Note 3: As at 31 December 2025, Mr. Yang Xiaohu, held 1.18% interest in the enlarged capital of Liquid Process Technologies Co., Ltd ("CLPT", a subsidiary of the Company) under its Equity Incentive Scheme (the "CLPT Incentive Scheme"); Mr. Gao Xiang, Mr. Zeng Han and Mr. Wang Yu held 0.59%, 0.10% and 0.10% interest respectively in the enlarged capital of CLPT under the CLPT Incentive Scheme. As it is estimated that not all of CLPT Incentive Scheme's vesting conditions will be fulfilled, no related share-based payment expenses were recognised by the Group during the year. Thus, the related share-based payment expenses that was attributable to Mr. Yang Xiaohu, Mr. Gao Xiang, Mr. Zeng Han and Mr. Wang Yu was nil.

Note 4: As at 31 December 2025, Mr. Yang Xiaohu (an Executive Director of the Company) had been granted 1,200,000 share options under the Share Option Scheme II of the Company. Mr. Gao Xiang (a Non-executive Director of the Company) had been granted 1,000,000 share options. Additionally, Mr. Yu Yuqun, Mr. Zeng Han, and Mr. Wang Yu (Non-executive Directors of the Company) had each been granted 450,000 share options under the Share Option Scheme II of the Company. Furthermore, Ms. Wong Lai, Sarah, Mr. Tsui Kei Pang and Mr. Yang Lei (Independent Non-Executive Directors of the Company) had each been granted 450,000 share options under the Share Option Scheme II of the Company. For the year ended 31 December 2025, the related share-based payment expense recognised by the Group that was attributable to Mr. Yang Xiaohu, Mr. Gao Xiang, Mr. Yu Yuqun, Mr. Zeng Han, Mr. Wang Yu, Mr. Tsui Kei Pang, Mr. Yang Lei, and Ms. Wong Lai, Sarah amounted to approximately RMB1,402,000, RMB1,169,000, RMB526,000, RMB526,000, RMB526,000, RMB526,000, RMB526,000 and RMB526,000 respectively.

Details for the aforesaid matters included the Share Option Scheme II and the Share Award Scheme 2020 and the Safeway Incentive Scheme and the CLPT Incentive Scheme, please refer to Note 35(a), Note 35(b), Note 35(c) and Note 35(d).

- (i) Wang Caiyong resigned as an independent non-executive director of the Company with effect from 30 September 2024.
- (ii) Qiu Hong was appointed as an independent non-executive director of the Company with effect from 30 September 2024.
- (iii) Yu Yuqun resigned as a non-executive director of the Company with effect from 26 August 2025.
- (iv) Wang Xiaoyan was appointed as a non-executive director of the Company with effect from 26 August 2025.

For the year ended 31 December 2025, no emoluments were paid by the Group to any of the director as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 Individuals with highest emoluments

The five individuals whose emoluments were the highest in the Group for the year include one (2024: one) director whose emolument is reflected in the analysis shown in note 11. The emoluments payable to the remaining four individuals (2024: four) during the year are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	5,144	4,633
Bonuses	9,943	8,773
Retirement scheme contributions	248	241
	15,335	13,647

The emoluments fell within the following bands:

	2025 Number of Individuals	2024 Number of Individuals
HKD1,500,001 – HKD2,000,000	–	1
HKD2,000,001 – HKD2,500,000	–	1
HKD2,500,001 – HKD3,000,000	2	–
HKD3,000,001 – HKD3,500,000	1	1
HKD7,000,001 – HKD7,500,000	1	1
Total	4	4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 Dividends

Final dividend of RMB565,768,000 in relation to the year ended 31 December 2024 was paid in 2025.

A final dividend in respect of the year ended 31 December 2025 of HKD0.31 (equivalent to approximately RMB0.27) per share has been proposed by the Directors. The proposed final dividend in respect of 2025 is subject to the approval of shareholders in the forthcoming annual general meeting. These financial statements do not reflect this dividend payable as it was not approved as at the balance sheet date.

14 Earnings per share

The calculation of the basic and diluted earnings per share attributable to equity shareholders of the Company is based on the following data:

	2025 RMB'000	2024 RMB'000
Earnings		
Earnings for the purposes of basic earnings per share	1,135,214	1,094,871
After tax effect of finance costs of convertible bonds	–	39,921
Dilutive effect of equity incentive scheme of subsidiaries	(11,242)	(17,683)
	1,123,972	1,117,109
Earnings for the purposes of diluted earnings per share		
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	2,024,677,750	2,021,181,355
Effect of convertible bonds	–	144,781,014
Effect of share options and share award schemes (note 35)	472,073	3,228,805
	2,025,149,823	2,169,191,174
Weighted average number of shares for the purpose of diluted earnings per share		
Earnings per share		
Basic	0.561	0.542
Diluted	0.555	0.515

15 Segment reporting

The Group manages its businesses by divisions organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management, which is the Group's chief operating decision-maker, for the purposes of resource allocation and performance assessment, the Group has identified the following three reportable segments based on the economic characteristics of the business units.

- **Clean energy:** this segment specialises in the manufacture and sale of a wide range of equipment and construction for the storage, transportation, application, processing and distribution of natural gas, liquefied petroleum gas ("LPG") and hydrogen such as compressed natural gas and hydrogen trailers, seamless pressure cylinders, liquefied natural gas ("LNG") trailers, LNG and hydrogen storage tanks, LPG tanks, LPG trailers, natural gas and hydrogen refuelling station systems and natural gas compressors; and the provision of engineering, procurement and construction services for the natural gas and hydrogen industries; the design, production and sale of small and medium-sized offshore liquefied gas carriers; natural gas and hydrogen processing and distribution services and the provision of value-added services for the clean energy industry.
- **Chemical and environmental:** this segment specialises in the manufacture and sale of a wide range of equipment, such as tank containers, for the storage and transportation of liquefied or gaseous chemicals and powder chemicals; the provision of maintenance and value-added service for tank containers; and explores business in environmental protection.
- **Liquid food:** this segment specialises in the engineering, manufacture and sale of stainless steel tanks for storage and processing liquid food such as beer, distilled spirits, fruit juice and milk; the provision of turnkey service for the brewery industry as well as other liquid food industries; and the provision of peripheral logistics service.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief operating decision-maker monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include non-current assets and current assets with the exception of deferred tax assets and certain assets unallocated to an individual reportable segment. Segment liabilities include non-current liabilities and current liabilities with the exception of income tax payable, deferred tax liabilities, medium-term and short-term notes, and certain liabilities unallocated to an individual reportable segment.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 Segment reporting (Continued)**(a) Segment results, assets and liabilities** (Continued)

The measure used for reporting segment profit is “adjusted profit from operations”. To arrive at the Group’s profits, the reporting segments’ adjusted profits from operations are further adjusted by excluding items not specifically attributed to an individual reportable segment, such as directors’ remuneration, auditors’ remuneration and other head office or corporate administrative expenses.

In addition to receive segment information concerning adjusted profit from operations, management is provided with segment information concerning revenue (including inter-segment sales), interest income from bank deposits, interest expenses, depreciation and amortisation and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

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 year is set out below.

	Clean energy		Chemical and environmental		Liquid food		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
Revenue from external customers	20,564,600	17,183,412	2,141,038	3,116,028	3,620,304	4,451,333	26,325,942	24,750,773
Inter-segment revenue	1,406	572	54,099	40,485	-	-	55,505	41,057
Reportable segment revenue	20,566,006	17,183,984	2,195,137	3,156,513	3,620,304	4,451,333	26,381,447	24,791,830
Timing of revenue recognition								
At a point in time	13,382,019	11,546,443	2,195,137	3,156,513	756,909	943,996	16,334,065	15,646,952
Over time	7,183,987	5,637,541	-	-	2,863,395	3,507,337	10,047,382	9,144,878
Reportable segment profit (adjusted profit from operations)	1,117,753	960,951	128,804	353,837	272,320	352,263	1,518,877	1,667,051
Interest income from bank deposits	58,067	52,040	74,682	79,020	23,688	52,173	156,437	183,233
Interest expense	(15,679)	(19,199)	(3,147)	(4,245)	(3,578)	(1,125)	(22,404)	(24,569)
Depreciation and amortisation for the year	(347,714)	(303,513)	(64,457)	(61,943)	(85,046)	(69,262)	(497,217)	(434,718)
Reportable segment assets	20,253,606	17,158,956	5,508,227	5,447,497	4,142,273	4,543,242	29,904,106	27,149,695
Additions to non-current assets during the year	870,680	817,583	30,085	35,255	71,988	187,934	972,753	1,040,772
Reportable segment liabilities	12,838,594	10,584,830	945,855	732,111	1,378,615	1,870,849	15,163,064	13,187,790

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 Segment reporting (Continued)

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2025 RMB'000	2024 RMB'000
Revenue		
Reportable segment revenue	26,381,447	24,791,830
Elimination of inter-segment revenue	(55,505)	(41,057)
Unallocated revenue	–	4,964
Consolidated revenue	26,325,942	24,755,737
Profit		
Reportable segment profit	1,518,877	1,667,051
Elimination of inter-segment profit	(4,327)	(763)
Reportable segment profit derived from Group's external customers	1,514,550	1,666,288
Finance costs	(93,873)	(104,404)
Share of results of associates and a joint venture	45,008	9,880
Unallocated operating income and expenses	(72,906)	(127,842)
Consolidated profit before taxation	1,392,779	1,443,922
Assets		
Reportable segment assets	29,904,106	27,149,695
Elimination of inter-segment receivables	(11,853)	(6,299)
Deferred tax assets	254,018	167,972
Unallocated assets	2,035,616	2,070,297
Consolidated total assets	32,181,887	29,381,665

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 Segment reporting *(Continued)***(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities** *(Continued)*

	2025 RMB'000	2024 RMB'000
Liabilities		
Reportable segment liabilities	15,163,064	13,187,790
Elimination of inter-segment payables	(11,853)	(6,299)
	15,151,211	13,181,491
Income tax payable	115,745	126,478
Deferred tax liabilities	220,963	234,758
Medium-term notes	1,995,035	1,992,087
Short-term notes	500,000	500,000
Unallocated liabilities	412,323	241,813
	18,395,277	16,276,627
Consolidated total liabilities	18,395,277	16,276,627

(c) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, right-of-use assets, intangible assets, construction in progress, lease prepayments, investment properties, and goodwill ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment and construction in progress, and the location of the operation to which they are allocated, in the case of lease prepayments, investment properties, intangible assets, right-of-use assets and goodwill.

	Revenues from external customers		Specified non-current assets	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
PRC (place of domicile)	15,098,636	13,262,274	6,222,991	5,497,159
United States	850,945	1,332,757	–	–
European countries	4,058,726	3,698,800	630,131	685,858
Asian countries (other than PRC)	3,116,729	2,743,187	2,759	808
Other American countries	2,255,051	2,861,145	–	–
Other countries	945,855	857,574	–	–
	11,227,306	11,493,463	632,890	686,666
	26,325,942	24,755,737	6,855,881	6,183,825

For the year ended 31 December 2025, there was no single external customer that accounted for 10% or more of the Group's total revenue (2024: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 Segment reporting *(Continued)***(d) Assets and liabilities related to contracts with customers**

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

	2025 RMB'000	2024 RMB'000
Contract assets	3,298,993	2,523,950
Less: Loss allowance	(33,923)	(23,081)
Total contract assets	3,265,070	2,500,869
Contract liabilities – Sales of goods	2,301,844	1,774,604
Contract liabilities – Project engineering contracts	2,634,074	2,839,191
Total contract liabilities	4,935,918	4,613,795

(i) Changes in contract assets and liabilities

Contract assets balances of the Group increased as at 31 December 2025 as the Group had several ongoing projects at the end of 2025.

The increase of contract liabilities of the Group was due to down payment received from customers relating to sales of goods during the year ended 31 December 2025.

The amount of contract liabilities expected to be recognised as revenue after more than one year is RMB245,886,000 (2024: RMB222,488,000). All of the other contract liabilities are expected to be recognised as revenue within one year.

(ii) Revenue recognised in relation to contract liabilities

The following table discloses the amount of revenue recognised in the current reporting period relating to carried-forward contract liabilities.

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
– Sales of goods	1,360,573	1,310,104
– Project engineering contracts	2,496,804	1,948,354
	3,857,377	3,258,458

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 Property, plant and equipment

	Buildings RMB'000	Leasehold improve- ments RMB'000	Pipelines RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Total RMB'000
Cost:							
At 1 January 2024	3,161,434	568	161,771	2,668,058	248,534	427,799	6,668,164
Additions	97,917	-	-	95,362	4,984	6,193	204,456
Transfers from construction in progress (note 17)	303,657	-	-	411,164	27,420	32,876	775,117
Disposals	(150,259)	-	-	(151,424)	(30,693)	(14,248)	(346,624)
Exchange differences	(10,296)	30	-	(5,300)	(376)	(1,968)	(17,910)
At 31 December 2024	3,402,453	598	161,771	3,017,860	249,869	450,652	7,283,203
At 31 December 2024 and 1 January 2025	3,402,453	598	161,771	3,017,860	249,869	450,652	7,283,203
Additions	19,583	-	-	73,670	2,091	30,124	125,468
Additions through acquisition of a subsidiary (note 47)	-	-	-	233	605	1,434	2,272
Transfers from construction in progress (note 17)	253,912	-	-	275,763	15,199	23,219	568,093
Transfers to construction in progress (note 17)	(5,765)	-	-	(5,266)	-	-	(11,031)
Transfers to investment property (note 19)	(13,667)	-	-	-	-	-	(13,667)
Disposals	(3,970)	-	-	(81,415)	(8,560)	(17,735)	(111,680)
Exchange differences	29,552	8	-	14,492	1,340	6,240	51,632
At 31 December 2025	3,682,098	606	161,771	3,295,337	260,544	493,934	7,894,290
Accumulated depreciation and impairment:							
At 1 January 2024	(931,753)	(366)	(24,633)	(1,454,547)	(115,064)	(303,895)	(2,830,258)
Charge for the year	(113,614)	(89)	(5,076)	(192,209)	(17,914)	(34,614)	(363,516)
Written back on disposals	105,991	-	-	127,022	27,728	12,694	273,435
Exchange differences	2,287	(30)	-	2,214	198	1,353	6,022
At 31 December 2024	(937,089)	(485)	(29,709)	(1,517,520)	(105,052)	(324,462)	(2,914,317)
At 31 December 2024 and 1 January 2025	(937,089)	(485)	(29,709)	(1,517,520)	(105,052)	(324,462)	(2,914,317)
Additions through acquisition of a subsidiary (note 47)	-	-	-	(223)	(213)	(13)	(449)
Charge for the year	(113,590)	(117)	(5,076)	(178,830)	(20,923)	(44,835)	(363,371)
Written back on disposals	3,195	-	-	75,731	7,794	15,434	102,154
Transfers to construction in progress (note 17)	2,733	-	-	4,969	-	-	7,702
Transfers to investment property (note 19)	5,837	-	-	-	-	-	5,837
Exchange differences	(7,104)	(4)	-	(9,103)	(70)	(4,704)	(20,985)
At 31 December 2025	(1,046,018)	(606)	(34,785)	(1,624,976)	(118,464)	(358,580)	(3,183,429)
Net book value:							
At 31 December 2025	2,636,080	-	126,986	1,670,361	142,080	135,354	4,710,861
At 31 December 2024	2,465,364	113	132,062	1,500,340	144,817	126,190	4,368,886

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 Property, plant and equipment *(Continued)*

As at 31 December 2025, the Group was in the process of registering the title of buildings, with net book value totalling RMB61,841,000 (31 December 2024: RMB56,036,000), with the relevant government authorities.

Depreciation of the property, plant and equipment has been charged to the following categories in the consolidated income statement:

	2025 RMB'000	2024 RMB'000
Cost of sales	292,090	294,175
Selling expenses	2,220	1,453
Administrative expenses	69,061	67,888
	363,371	363,516

17 Construction in progress

	2025 RMB'000	2024 RMB'000
At 1 January	581,782	606,581
Additions	742,296	763,796
Disposal of subsidiaries	(2,056)	–
Transfers to property, plant and equipment (note 16)	(568,093)	(775,117)
Transfers from property, plant and equipment (note 16)	3,329	–
Transfers to intangible assets (note 21)	(33,438)	(7,425)
Exchange differences	4,950	(6,053)
At 31 December	728,770	581,782

18 Leases

This note provides information on leases where the Group is a lessee.

(a) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

	2025 RMB'000	2024 RMB'000
Right-of-use assets		
Buildings	256,763	163,403
Others	618	4,516
	257,381	167,919
Lease liabilities		
Current	46,924	26,537
Non-current	226,469	146,856
	273,393	173,393

Additions to the right-of-use assets during the year amounted to RMB117,456,000 (2024: RMB71,508,000), which were mainly the addition of leasehold properties.

(b) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets		
Buildings	64,194	36,139
Others	1,547	2,719
	65,741	38,858
Interest expense (included in finance cost)	6,913	3,287
Expense relating to short-term leases and leases of low-value assets (included in cost of goods sold and administrative expense)	15,377	9,897

The total cash outflow for leases in 2025 was RMB70,051,000 (2024: RMB48,101,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 Leases *(Continued)***(c) The Group's leasing activities and related accounting treatments**

The Group leases various offices, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of 1 to 20 years, and do not have extension options included in the contracts.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

19 Investment properties

	2025 RMB'000	2024 RMB'000
Cost:		
At 1 January	34,470	52,073
Transfer to owner-occupied property (note 20)	(12,554)	(17,603)
Transfer from owner-occupied property (note 16)	13,667	–
At 31 December	35,583	34,470
Accumulated depreciation:		
At 1 January	(11,319)	(14,516)
Transfer to owner-occupied property (note 20)	4,397	4,215
Transfer from owner-occupied property (note 16)	(5,837)	–
Charge for the year	(466)	(1,018)
At 31 December	(13,225)	(11,319)
Net book value:		
At 31 December	22,358	23,151

20 Lease prepayments

	2025 RMB'000	2024 RMB'000
Cost:		
At 1 January	723,332	714,268
Additions	78,047	18,441
Transfer from investment properties (note 19)	12,554	17,603
Disposals	–	(26,980)
	813,933	723,332
Accumulated amortisation:		
At 1 January	(176,286)	(168,513)
Charge for the year	(16,895)	(15,415)
Transfer from investment properties (note 19)	(4,397)	(4,215)
Written back on disposal	–	11,857
	(197,578)	(176,286)
Net book value:		
At 31 December	616,355	547,046

Lease prepayments represent payments for land use rights situated in the PRC. The Group's land use rights have remaining terms ranging from 22 to 45 years as at 31 December 2025 (31 December 2024: 23 to 45 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 Intangible assets

	Technical know-how RMB'000	Tradenname RMB'000	Trademarks RMB'000	Software RMB'000	Customer relationship RMB'000	Right of operation RMB'000	Total RMB'000
Cost:							
At 1 January 2024	347,367	79,785	1,390	78,871	84,806	21,000	613,219
Additions	16,775	-	-	35,794	-	-	52,569
Transfers from construction in progress (note 17)	-	-	-	7,425	-	-	7,425
Exchange differences	(2,373)	(2,435)	-	(219)	(1,270)	-	(6,297)
At 31 December 2024	361,769	77,350	1,390	121,871	83,536	21,000	666,916
At 1 January 2025	361,769	77,350	1,390	121,871	83,536	21,000	666,916
Additions	24,614	-	-	16,499	-	-	41,113
Additions through acquisition of a subsidiary (note 47)	26,487	-	-	-	-	-	26,487
Transfers from construction in progress (note 17)	-	-	-	33,438	-	-	33,438
Disposals	(41)	-	-	(17,068)	-	-	(17,109)
Exchange differences	1,288	6,853	-	1,508	2,964	-	12,613
At 31 December 2025	414,117	84,203	1,390	156,248	86,500	21,000	763,458
Accumulated amortisation:							
At 1 January 2024	(269,958)	(39,037)	(1,061)	(33,735)	(47,630)	(4,337)	(395,758)
Charge for the year	(20,624)	(4,536)	(329)	(32,436)	(3,740)	(913)	(62,578)
Exchange differences	629	1,482	-	384	108	-	2,603
At 31 December 2024	(289,953)	(42,091)	(1,390)	(65,787)	(51,262)	(5,250)	(455,733)
At 1 January 2025	(289,953)	(42,091)	(1,390)	(65,787)	(51,262)	(5,250)	(455,733)
Disposals	10	-	-	15,831	-	-	15,841
Charge for the year	(27,870)	(5,052)	-	(23,981)	(3,884)	(913)	(61,700)
Exchange differences	(951)	(5,802)	-	(952)	(412)	-	(8,117)
At 31 December 2025	(318,764)	(52,945)	(1,390)	(74,889)	(55,558)	(6,163)	(509,709)
Net book value:							
At 31 December 2025	95,353	31,258	-	81,359	30,942	14,837	253,749
At 31 December 2024	71,816	35,259	-	56,084	32,274	15,750	211,183

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 Intangible assets *(Continued)*

The amortisation of the intangible assets has been charged to the following categories in the consolidated income statement:

	2025 RMB'000	2024 RMB'000
Cost of sales	4,055	8,348
Administrative expenses	57,645	54,230
	61,700	62,578

22 Interests in associates and a joint venture

The movement of the interests in associates during the year is as follows:

	2025 RMB'000	2024 RMB'000
At 1 January	553,352	523,847
Additions	48,624	39,375
Dividend distribution	(25,800)	–
Share of results of associates	(5,407)	(3,187)
Elimination of unrealised profit	(1,116)	–
Acquisition of a subsidiary	688	–
Disposal	–	(6,683)
	570,341	553,352
At 31 December	570,341	553,352

The movement of the interests in a joint venture during the year is as follows:

	2025 RMB'000	2024 RMB'000
At 1 January	88,530	100,015
Additions	100,000	–
Share of results of a joint venture	50,415	13,067
Elimination of unrealised profit	(1,618)	(24,552)
	237,327	88,530
At 31 December	237,327	88,530

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 Interests in associates and a joint venture *(Continued)*

Particulars of the principal investments in associates and a joint venture as at 31 December 2025 and 2024 are set out below:

Name of entity	Place and date of establishment/ incorporation	Authorised/ registered/paid-in capital	Proportion of ownership interest	
			2025	2024
Associate:				
Shanghai Tanklink Technology Development Co., Ltd.*	PRC 12 March 2014	Registered and paid-in capital of RMB7,500,000	15.3%	15.3%
Yichuan Tianyun Clean Energy Co., Ltd.	PRC 3 January 2019	Registered and paid-in capital of RMB80,000,000	38.7%	38.7%
CIMC-Hexagon Hydrogen Energy Technologies Limited	Hong Kong 21 June 2021	Registered and paid-in capital of USD36,901,853	49.0%	49.0%
Aigulu (Shanghai) Intelligent Technology Co., Ltd.*	PRC 31 December 2019	Registered and paid-in capital of RMB1,774,000 and RMB1,759,000 respectively	8.4%#	8.7%#
Shandong Xinneng Shipping Co., Ltd.*	PRC 17 November 2014	Registered and paid-in capital of RMB600,000,000	15.0%	15.0%
Guizhou Shuigang New Energy Co., Ltd.*	PRC 14 October 2022	Registered and paid-in capital of RMB1,350,000,000 and RMB1,100,000,000 respectively	18.5%	18.5%
Joint Venture:				
Anji (Yingkou) New Energy Technology Co., Ltd. (previously known as Angang CIMC (Yingkou) New Energy Technology Co., Ltd.)	PRC 6 August 2021	Registered and paid-in capital of RMB400,000,000	50.0%	50.0%

* The Group holds less than 20% of the ownership interest of the entities, however, the Group has significant influence in the entities as the Group has the right to appoint director(s) to the board of the entities. As at 31 December 2025 and 2024, the associates and a joint venture set above were individually immaterial to the Group.

The proportion of ownership interest shown here did not take into account of the effect of the equity incentive partnership platform of CLPT.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 Subsidiaries

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of entity	Place of incorporation and kind of legal entity	Principal activities and place of operation	Authorised/ registered/ paid-in capital	Ownership interest held by the Group			
				Direct		Indirect	
				2025	2024	2025	2024
Enric (Bengbu) Compressor Company Limited	PRC, limited liability company	Manufacture and sale of compressors and related accessories, PRC	Registered and paid-in capital of HKD60,808,385	-	-	100.0%	100.0%
Shijiazhuang Enric Gas Equipment Company Limited	PRC, limited liability company	Manufacture and sale of clean energy pressure vessels, PRC	Registered and paid-in capital of USD52,000,000	-	-	100.0%	100.0%
Enric (Langfang) Energy Equipment Integration Company Limited	PRC, limited liability company	Provision of integrated business solutions for gas equipment, PRC	Registered and paid-in capital of HKD130,000,000	-	-	100.0%	100.0%
CIMC Hydrogen Technology (Beijing) Co., Ltd.	PRC, limited liability company	Research and development of technology for application in natural gas equipment, PRC	Registered and paid-in capital of HKD40,000,000	-	-	100.0%	100.0%
CIMC Enric (Jingmen) Energy Equipment Company Limited ("Jingmen")	PRC, limited liability company	Investment holding, PRC	Registered and paid-in capital of HKD405,000,000 and HKD340,000,000 respectively	-	-	100.0%	100.0%
Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd. ("Hongtu") (i)	PRC, limited liability company	Manufacture and sale of clean energy related equipment, PRC	Registered and paid-in capital of RMB360,000,000	-	-	90.0%	90.0%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 Subsidiaries (Continued)

Name of entity	Place of incorporation and kind of legal entity	Principal activities and place of operation	Authorised/ registered/ paid-in capital	Ownership interest held by the Group			
				Direct 2025	Direct 2024	Indirect 2025	Indirect 2024
CIMC Safeway Technologies Co., Ltd. ("CIMC Safeway")(ii)	PRC, joint stock company	Production and sales of tank containers, PRC	Registered and paid-in capital of RMB600,000,000	–	–	76.5%	76.5%
Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd. ("Sanctum")	PRC, limited liability company	Design, production, sales and technical service of cryogenic storage and transportation equipment, PRC	Registered and paid-in capital of RMB795,532,042 and RMB702,262,042 respectively	–	–	100.0%	100.0%
Zhangjiagang CIMC Sanctum Special Equipment Co., Ltd. ("Sanctum Special Equipment")	PRC, limited liability company	Manufacture and sale of clean energy pressure vessel, PRC	Registered and paid-in capital of RMB30,000,000	–	–	100.0%	100.0%
CIMC Enric Tank and Process B.V.	The Netherlands, limited liability company	Investment holding The Netherlands	Authorised capital of EUR20,000,000 and paid-in capital of EUR14,038,200 respectively	–	–	86.0%#	88.2%#
Enric Gas Equipment Yangzhou Company Limited	PRC, limited liability company	Repair and maintenance of clean energy pressure vessels, PRC	Registered and paid-in capital of RMB12,000,000	–	–	100.0%	100.0%
CIMC Enric Investment Holdings (Shenzhen) Limited ("EIHL")	PRC, limited liability company	Investment holding, PRC	Registered and paid-in capital of USD80,000,000	–	–	100.0%	100.0%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 Subsidiaries (Continued)

Name of entity	Place of incorporation and kind of legal entity	Principal activities and place of operation	Authorised/ registered/ paid-in capital	Ownership interest held by the Group			
				Direct		Indirect	
				2025	2024	2025	2024
CIMC Enric Engineering Technology Co., Ltd. ("CET")	PRC, limited liability company	Provision of project clean energy engineering services, PRC	Registered and paid-in capital of RMB110,000,000	-	-	100.0%	100.0%
Nantong CIMC Energy Equipment Co., Ltd. ("Nantong Energy")	PRC, limited liability company	Manufacture and sales of clean energy related equipment, PRC	Registered and paid-in capital of RMB500,000,000	-	-	100.0%	100.0%
Ziemann Holvrieka GmbH (i)	Germany, limited liability company	Sales, engineering and manufacturing of liquid food tanks, Germany	Authorised and paid-in capital of EUR16,000,000	-	-	86.0%#	88.2%#
CIMC Enric SJZ Gas Equipment, INC.	U.S.A., limited liability company	Manufacture and sale of pressure vessels, U.S.A.	Registered and paid-in capital of USD900,000	-	-	100.0%	100.0%
Enric Management Limited	British Virgin Islands, limited liability company	Investment holding, British Virgin Islands	Authorised capital of 50,000 no par value shares and paid-in capital of RMB20,000	100.0%	100.0%	-	-
Nantong Yijiehui Technology Co., Ltd.	PRC, limited liability company	Manufacture and sale of pressure vessels, PRC	Registered and paid-in capital of RMB20,000,000	-	-	100.0%	100.0%
CIMC Liquid Process Technology Co., Ltd. ("CLPT") (ii)	PRC, joint stock company	Manufacture and sale of tanks, PRC	Registered and paid-in capital of RMB756,239,460	-	-	86.0%#	88.2%#

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 Subsidiaries *(Continued)*

Name of entity	Place of incorporation and kind of legal entity	Principal activities and place of operation	Authorised/ registered/ paid-in capital	Ownership interest held by the Group			
				Direct		Indirect	
				2025	2024	2025	2024
Liaoning CIMC Hashenleng Gas Liquefaction Plant Co., Ltd. ("Hashenleng") (i)	PRC, limited liability company	Provision of integrated business solutions for gas equipment, PRC	Registered and paid-in capital of RMB50,000,000	–	–	85.0%	85.0%
Briggs of Burton PLC ("Briggs") (i)(ii)	U.K., limited liability company	Process engineering, U.K.	Paid-in capital of GBP50,000	–	–	86.0%#	88.2%#
CIMC Enric Energy Engineering (S) Pte. Ltd. ("CEE")	Singapore, limited liability company	Engineering and manufacture services for the oil and gas industry, Singapore	Paid-in capital of SNG9,750,000	–	–	100.0%	100.0%
Nantong CIMC SinoPacific Offshore & Engineering Co., Ltd.	PRC, limited liability company	Design and manufacture of liquified gas carriers and marine oil and gas module, PRC	Registered and paid-in capital of RMB1,659,350,338	–	–	100.0%	100.0%
CIMC Digital Energy (Suzhou) Technology Co., Ltd. (previously known as Anjiejie Internet of Things Information Technology (Suzhou) Co., Ltd.) (i)	PRC, limited liability company	Design and manufacturing of integrated IoT, PRC	Registered and paid-in capital of RMB56,163,000 and RMB53,255,000 respectively	–	–	91.5%	100.0%
Shanghai CIMC TZ Clean Energy Co., Ltd. ("ESH") (i)	PRC, limited liability company	Clean energy technology, PRC	Registered and paid-in capital of RMB100,000,000	–	–	90.0%	90.0%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 Subsidiaries (Continued)

Name of entity	Place of incorporation and kind of legal entity	Principal activities and place of operation	Authorised/ registered/ paid-in capital	Ownership interest held by the Group			
				Direct		Indirect	
				2025	2024	2025	2024
CIMC Nantong Port Development Co., Ltd. ("EYX") (i)	PRC, limited liability company	Terminal and depot services, PRC	Registered and paid-in capital of RMB4,285,710	-	-	60.17%#	61.7%#
Ningxia Changming Natural Gas Development Ltd. ("Ningxia Changming") (i)	PRC, limited liability company	Liquefaction of natural gas, PRC	Registered and paid-in capital of RMB420,770,963	-	-	95.3%	95.3%
Shanxi Tianhao Clean Energy Co., Ltd. ("ESX") (i)	PRC, limited liability company	Liquefaction of natural gas and coalbed gas, PRC	Registered and paid-in capital of RMB60,000,000	-	-	45.0%	45.0%
DME Process Systems Ltd. ("DME") (i)	Canada, limited liability company	Design and manufacture of craft brewing equipment, Canada	Registered and paid-in capital of CAD1,210,000	-	-	86.0%#	88.2%#
Lindenau Full Tank Services GmbH ("LFTS")	Germany, limited liability company	Transformation, sales and renovation of energy tank, Germany	Registered and paid-in capital of EUR25,000	-	-	100.0%	100.0%
McMillan Coppersmiths & Fabricators Limited ("McMillan") (i)	U.K., limited liability company	Manufacture of copper distiller for liquor, U.K.	Registered and paid-in capital of GBP10,000	-	-	86.0%#	88.2%#

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 Subsidiaries (Continued)

Name of entity	Place of incorporation and kind of legal entity	Principal activities and place of operation	Authorised/ registered/ paid-in capital	Ownership interest held by the Group			
				Direct		Indirect	
				2025	2024	2025	2024
CIMC Xinneng (Shenzhen) Technology Co., Ltd.	PRC, limited liability company	Clean energy technology, PRC	Registered and paid-in capital of RMB28,000,000	–	–	100.0%	100.0%
CIMC Hexagon Hydrogen Energy Development (Hebei) Co., Ltd. ("HSK") (i)	PRC, limited liability company	Clean energy technology, PRC	Registered and paid-in capital of RMB100,000,000 and RMB90,820,000 respectively	–	–	51.0%	51.0%
CIMC Liquid Process (Nantong) Technologies Co., Ltd. (i)	PRC, limited liability company	Design and manufacture of craft brewing equipment, PRC	Registered and paid-in capital of RMB20,000,000	–	–	86.0%#	88.2%#
CIMC Enric Energy System (Shanghai) Co., Ltd.	PRC, limited liability company	Clean energy technology, PRC	Registered and paid-in capital of RMB100,000,000	–	–	100.0%	100.0%
Chengdu Lanshi Low-Temperature Technology Co., Ltd. ("CDLS") (i)	PRC, limited liability company	Design and manufacture of valves, PRC	Registered and paid-in capital of RMB46,000,000	–	–	70.0%	70.0%
CIMC Xinneng (Binhai) Technology Co., Ltd. ("EBH")	PRC, limited liability company	Clean energy technology, PRC	Registered and paid-in capital of RMB29,000,000	–	–	100.0%	100.0%

The proportion of ownership interest shown here did not take into account of the effect of the equity incentive partnership platform of CLPT.

(i) As at 31 December 2025, except for the non-wholly owned subsidiaries disclosed in note 46, the non-controlling interests in all of the other non-wholly owned subsidiaries are immaterial to the Group.

(ii) As at the date of this report, all of the Group's subsidiaries in China are limited liabilities companies except for CIMC Safeway and CLPT which are joint stock companies.

24 Goodwill

	2025 RMB'000	2024 RMB'000
Cost		
At 1 January	415,162	413,608
Additions through acquisition of a subsidiary (note 47)	1,882	400
Disposals of a subsidiary	(5,513)	–
Exchange differences	3,527	1,154
At 31 December	415,058	415,162
Less: Impairment provision		
At 31 December	(148,651)	(131,304)
Net book value	266,407	283,858

(a) Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") as follows:

	2025 RMB'000	2024 RMB'000
CET	86,558	86,558
Hongtu	27,221	27,221
Briggs	49,945	70,433
McMillan	24,949	24,246
Wanxintai	13,162	13,162
CDLS	40,726	40,726
Sanctum	8,297	8,297
CIMC Safeway	7,265	7,265
LFTS	3,217	2,976
Künzel	2,785	2,574
CLPT – baijiu and condiment equipment integrated solutions asset group	400	400
Youqi Environmental Engineering (Shanghai) Co., Ltd. ("SHYQ") (note 47)	1,882	–
At 31 December	266,407	283,858

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 Goodwill *(Continued)***(a) Impairment tests for goodwill** *(Continued)*

For the significant amount of goodwill allocated to the CGU relating to CET, Hongtu, Briggs, McMillan, Wanxintai and CDLS, the key assumptions and discount rate used in the value-in-use calculations in 2025 and 2024 are as follows.

	CET		Hongtu		Briggs	
	2025	2024	2025	2024	2025	2024
Revenue (average annual growth rate)	2%	6%	6%	3%	9%	5%
Gross margin (% of revenue)	11%	10%	14%	16%	22%	20%
Pre-tax discount rate	14.22%	15.85%	15.70%	17.06%	13.35%	13.41%

	McMillan		CDLS	
	2025	2024	2025	2024
Revenue (average annual growth rate)	19%	45%	8%	2%
Gross margin (% of revenue)	27%	23%	40%	40%
Pre-tax discount rate	13.36%	13.48%	14.82%	16.95%

Revenue refers to the average annual growth rate over the five-year forecast period. It is based on the CGU's growth forecasts and the average long-term growth rate for the relevant industry.

Gross margin refers to the average margin as a percentage of revenue over the five-year forecast period. It is determined based on the CGU's past performance and their expectations for market development.

The discount rate used is pre-tax and reflect specific risks relating to the relevant CGU.

24 Goodwill (Continued)

(a) Impairment tests for goodwill (Continued)

The recoverable amount of Briggs CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be higher than its recoverable amount of RMB22,527,000 and an impairment loss of RMB22,527,000 during 2025 was recognised. The impairment loss was fully allocated to goodwill and included in “Administrative expenses”.

The recoverable amount of CET is estimated to exceed its carrying amount at 31 December 2025 by approximately RMB763,260,000. The management has considered and assessed reasonably possible changes for key assumptions and has not identified any instances that could cause the carrying amount of CET to exceed its respective recoverable amount.

For the CGU relating to Hongtu, McMillan and CDLS, the estimated recoverable amount of the CGU exceeded its carrying amount by RMB120,520,000, RMB1,580,000 and RMB109,889,000 respectively. Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

In percent	Hongtu	McMillan	CDLS
Gross margin (% of revenue)	(1)	(0.2)	(6)
Pre-tax discount rate	4.4	0.5	5.7

25 Inventories

(a) Inventories in the consolidated balance sheet comprise:

	2025 RMB'000	2024 RMB'000
Raw materials	1,750,596	1,451,055
Work in progress	2,198,639	2,105,106
Finished goods	1,087,022	1,410,138
Consignment materials	213,160	255,166
	5,249,417	5,221,465

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 Inventories *(Continued)*

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

	2025 RMB'000	2024 RMB'000
Cost of inventories (note 9(c))	14,134,959	12,975,010
Cost from project engineering contracts (note 9(c))	8,516,740	8,226,493
Write-down of inventories (note 9(c))	46,541	38,122
Reversal of write-down of inventories (note 9(c))	(4,185)	(8,679)
Raw material consumed for research and development	305,462	287,981
	22,999,517	21,518,927

- (c) The movements of allowance for impairment are analysed as follows:

	2025 RMB'000	2024 RMB'000
At 1 January	207,497	201,652
Allowance for impairment	46,541	38,122
Write-off on disposal of impaired inventory	(50,609)	(23,269)
Reversal of allowance	(4,185)	(8,679)
Exchange differences	848	(329)
At 31 December	200,092	207,497

26 Trade and bills receivables

	2025 RMB'000	2024 RMB'000
Trade receivables	3,368,245	3,380,160
Less: allowance for excepted credit loss	(264,768)	(255,296)
	3,103,477	3,124,864
Bills receivables (i)	448,494	464,410
	3,551,971	3,589,274

26 Trade and bills receivables *(Continued)*

- (i) As at 31 December 2025, amounts of RMB314,708,000 represent bank acceptance bills classified as financial assets at fair value through other comprehensive income, which the Group had endorsed to financial institutions for treasury management purposes (31 December 2024: RMB288,307,000). Amounts of RMB38,887,000 and RMB94,899,000 represent trade acceptance bills and bank acceptance bills, respectively classified as financial assets at amortised cost, which the Group has intended to hold until maturity (31 December 2024: RMB54,681,000 and RMB121,422,000).

(a) Ageing analysis

An ageing analysis of trade and bills receivables based on due date (net of allowance for expected credit loss) is as follows:

	2025 RMB'000	2024 RMB'000
Current	2,786,183	2,887,397
Less than 3 months past due	375,996	392,671
More than 3 months but less than 12 months past due	284,672	237,342
More than 1 year but less than 2 years past due	84,085	50,903
More than 2 years but less than 3 years past due	14,930	15,203
More than 3 years but less than 5 years past due	6,105	5,758
Amounts past due	765,788	701,877
	3,551,971	3,589,274

In general, debts are due for payment upon 30 to 90 days after billing. Subject to negotiation, credit terms up to twelve months are available for certain customers with well-established trade and payment history on a case-by-case basis. Details on the Group's credit policy are set out in note 6(a)(ii).

(b) Fair values of trade and bills receivables

The carrying amounts of the Group's trade and bills receivables as at 31 December 2025 and 31 December 2024 approximated their fair values.

(c) Impairment and risk exposure

The loss allowance increased by RMB9,472,000 from RMB255,296,000 as at 1 January 2025 to RMB264,768,000 as at 31 December 2025 for trade receivables.

Information about the impairment of trade receivables and the Group's exposure to credit risk, foreign currency risk and interest rate risk was included in note 6.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 Deposits, other receivables and prepayments

	2025 RMB'000	2024 RMB'000
Prepayments to suppliers	1,981,492	1,448,883
Deductible input value-added tax and other refundable taxes	570,073	474,411
Deposits for tenders and contract work	52,707	74,851
Prepayments for services	60,615	38,337
Staff advances	10,467	16,489
Others	61,565	45,599
Less: Loss allowance	(15,404)	(14,016)
	2,721,515	2,084,554

28 Term and restricted bank deposits

	2025 RMB'000	2024 RMB'000
Term deposits	1,152,000	1,336,553
Deposits for performance guarantees	395,772	217,387
	1,547,772	1,553,940

29 Cash and cash equivalents

	2025 RMB'000	2024 RMB'000
Cash in hand and demand deposits	7,751,634	7,264,358

30 Financial instruments at fair value through profit or loss

The Group classifies the following financial instruments at fair value through profit or loss.

(a) Derivative financial instruments

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedging accounting criteria, they are classified as “held for trading” for accounting purposes and are accounted for at fair value through profit or loss below. The Group has the following derivative financial instruments.

	2025		2024	
	Assets RMB'000	Liabilities RMB'000	Assets RMB'000	Liabilities RMB'000
Forward foreign exchange contracts-held for trading				
Current	1,454	(2,896)	2,130	(24,787)
Non-current	–	(4,984)	–	(611)
	1,454	(7,880)	2,130	(25,398)

At 31 December 2025 and 2024, the Group held forward foreign currency contracts to manage the currency risk on expected future payments to suppliers for which the Group has firm commitments.

As at 31 December 2025, the Group had certain unsettled forward contracts, mainly denominated in United States Dollars (“USD”), Euro (“EUR”), Mexican Peso (“MXN”), Australian Dollar (“AUD”) and Thai Baht (“THB”). The nominal value of these contracts amounted to USD1,865,000 (31 December 2024: USD84,063,000), EUR8,077,000 (31 December 2024: EUR8,134,000), MXN184,948,000 (31 December 2024: MXN140,429,000), AUD1,422,000 and THB148,000,000, respectively. Pursuant to these forward contracts, the Group are mainly required to buy/sell foreign currencies of contracted nominal value at agreed rates in exchange for RMB, EUR, USD and GBP at the contract settlement dates. These forward contracts will be settled on a net basis by comparing the market rates at the settlement dates and the agreed rates. The settlement dates of the aforesaid forward contracts range from 4 January 2026 to 18 August 2028 (31 December 2024: 6 January 2025 to 3 December 2027).

(b) Unlisted equity securities

	2025 RMB'000	2024 RMB'000
Unlisted equity securities		
Current	5,185	5,185
Non-current	13,427	10,343
	18,612	15,528

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 Financial instruments at fair value through profit or loss *(Continued)***(c) Risk exposure and fair value measurements**

For information about the methods and assumptions used in determining the fair value, please refer to note 5.

(d) Contingent Consideration

As at 31 December 2025, the contingent considerations receivable amounted to RMBnil (31 December 2024: RMB13,004,000). It represented the fair value of the contingent considerations receivable in relation to the acquisition of Jingbian Talengtong Natural Gas Co., Ltd. and Yulin Wanxintai Industry and Trade Co., Ltd. on 1 April 2021.

As at 31 December 2025, the contingent considerations payable amounted to RMB15,450,000 (31 December 2024: RMB50,081,000) represented the fair value of the contingent considerations payable in relation to the acquisition of CDLS on 10 July 2024.

31 Bank loans

(a) The bank loans were repayable as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	378,625	234,500
After 1 year but within 2 years	68,603	41,738
After 2 years but within 5 years	102,675	36,443
After 5 years	222,273	51,941
	772,176	364,622

(b) As at 31 December 2025, certain subsidiaries of the Company had bank loans totaling RMB105,049,000 which were cross-guaranteed by other subsidiaries of the Company (2024: RMB80,000,000). The Group had secured bank loans amounting to RMB1,752,000. (2024: nil).

(c) The carrying amounts of the Group's bank loans were denominated in the following currency:

	2025 RMB'000	2024 RMB'000
RMB	772,176	364,622

(d) All of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's financial ratios. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 6(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 Trade and bills payables

	2025 RMB'000	2024 RMB'000
Trade creditors	5,352,642	4,586,628
Bills payables	1,121,743	842,997
	6,474,385	5,429,625

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

	2025 RMB'000	2024 RMB'000
Within 3 months	4,954,490	3,752,398
3 months to 12 months	1,174,346	1,375,376
Over 12 months	345,549	301,851
	6,474,385	5,429,625

All the trade and bills payables are repayable on demand or according to contract terms and are generally expected to be settled within one year.

33 Other payables and accrued expenses

	2025 RMB'000	2024 RMB'000
Accrued expenses	627,448	601,250
Employees' salary, bonus and welfare	624,741	584,845
Preacquisition restructuring liabilities of a subsidiary	3,657	3,657
Deposits received	83,198	71,181
Other taxes payable	328,558	317,238
Payables for construction work	65,224	65,345
Other surcharges payable	14,978	14,998
Payables in relation to share-based transactions of subsidiaries (note 35(c), (d))	82,934	82,934
Dividend payables to a non-controlling shareholder	25,122	23,036
Others	35,702	23,289
	1,891,562	1,787,773

All other payables and accrued expenses are repayable on demand or according to contract terms and are generally expected to be settled within one year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 Warranty provision

	Product warranties RMB'000	Project related provisions RMB'000	Others RMB'000	Total RMB'000
At 1 January 2025	219,518	111,282	9,156	339,956
Additional provision made	171,849	26,304	16,422	214,575
Reversal of provision	(137,048)	–	–	(137,048)
Provisions utilised	(68,861)	–	–	(68,861)
Exchange differences	3,334	6,713	1,566	11,613
At 31 December 2025	188,792	144,299	27,144	360,235
Represented by:				
Current portion	101,439	–	27,144	128,583
Non-current portion	87,353	144,299	–	231,652
Balance at 31 December 2025	188,792	144,299	27,144	360,235

The Group provides one to three years' warranty period for certain products. Provision is made for the best estimate of the expected cost that would be required to incur within the warranty period under these arrangements in respect of sales made prior to the balance sheet date. The amount of provision has taken into account the Group's recent claim experience.

35 Equity-settled share-based transactions

(a) Share option scheme

The Company had a share option scheme ("Scheme I") which was adopted on 12 July 2006 whereby the Directors of the Company are authorised, at their discretion, to invite eligible persons to subscribe for shares of the Company. A consideration of HKD1.00 should be paid by grantee upon acceptance of the share options granted. Each option gives the holder the right to subscribe for one ordinary share in the Company at its exercise price. Scheme I expired on 11 July 2016 and the Company has adopted a new share option scheme ("Scheme II") on 12 July 2016. Scheme II lasts for 10 years and during the year ended 31 December 2025, no share options were granted under Scheme II (2024: nil).

(i) The terms and conditions at the date of grants are as follows:

	Number of options	Vesting conditions	Contractual life of options
Options granted to Directors:			
– on 21 November 2024	5,350,000	33.3% after 31 March 2025, 33.3% after 31 March 2026 and 33.4% after 31 March 2027	10 years commencing on the date of grant
Options granted to employees and other eligible persons:			
– on 21 November 2024	34,150,000	33.3% after 31 March 2025, 33.3% after 31 March 2026 and 33.4% after 31 March 2027	10 years commencing on the date of grant
Total share options granted	<u>39,500,000</u>		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 Equity-settled share-based transactions (Continued)

(a) Share option scheme (Continued)

(ii) The number and weighted average exercise prices of share options are as follows:

	2025		2024	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at the beginning of the year	HKD7.05	39,500,000	HKD8.81	68,241,000
Forfeited during the year	HKD7.05	(213,333)		–
Exercised during the year	HKD7.05	(2,102,718)		–
Lapsed during the year	HKD7.05	(266,668)	HKD8.81	(28,741,000)
Outstanding at the end of the year	HKD7.05	36,917,281	HKD7.05	39,500,000
Exercisable at the end of the year		10,972,292		–

The options outstanding at 31 December 2025 had an exercise price of HKD7.05 (31 December 2024: HKD7.05) and a weighted average remaining contractual life of 7.90 years (31 December 2024: 8.90 years). The expenses arising from the Share option scheme recognised during the year were RMB25,884,000 (2024: RMB41,161,000).

(iii) Fair value of share options and assumptions

The fair values of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimates of the fair value of the share options granted are measured based on a binomial lattice model. The contractual lives of the share option are used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

Fair value of share options and assumptions

Date granted	21 November 2024
Fair value at measurement date	HKD2.56
Share price	HKD6.99
Exercise price	HKD7.05
Expected volatility	44.00%
Option life	10 years
Expected dividends	3.56%
Risk-free interest rate	3.59%

35 Equity-settled share-based transactions *(Continued)*

(a) Share option scheme *(Continued)*

(iii) Fair value of share options and assumptions *(Continued)*

The expected volatilities are based on the historic volatilities (calculated based on the weighted average remaining lives of the share options), adjusted for any expected changes to future volatilities based on publicly available information. Expected dividends are based on estimated dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

(b) Share award scheme 2020

The Board of the Company adopted the Share Award Scheme 2020 (the "Award Scheme 2020") on 3 April 2020. According to the Award Scheme 2020, the Board may at its absolute discretion select any employee of the Group to be an eligible participant under the Scheme. The Board may also determine the number of shares to be granted (subject to fulfillment of any vesting conditions) and the consideration (if any) to be paid by an eligible participant. The Board has appointed a trustee to purchase of shares of the Company on the Stock Exchange out of the Company's resources. The trustee shall hold such shares in accordance with the terms of the trust deed and shall transfer such shares to the relevant participants after all the relevant vesting conditions are fulfilled.

As at 31 December 2025, the trustee had accumulatively purchased 40,208,000 shares (31 December 2024: 40,208,000 shares) of the Company under the Award Scheme 2020.

On 17 November 2021, the Company granted 33,324,006 shares to selected participants under the Award Scheme 2020. In addition, during the year ended 31 December 2022, a total of 2,991,708 shares were granted to the selected participants. The granted shares are held by the trustee on behalf of the selected participants until the grant shares are vested. Selected participants are entitled to the related distribution derived from the relevant granted shares during the period from the date of the issue of the grant shares to the vesting date (both dates inclusive) of such granted shares, which shall however only be vested by the relevant selected participant on the vesting date subject to fulfilment of vesting conditions. During the year ended 31 December 2025, a total of 3,589,723 shares were granted to selected participants (2024: 64,000 shares). The granted shares are held by the trustee on behalf of the selected participants until the grant shares are vested. Selected participants are entitled to the related distribution derived from the relevant granted shares during the period from the date of the issue of the grant shares to the vesting date (both dates inclusive) of such granted shares, which shall however only be vested by the relevant selected participant on the vesting date subject to fulfilment of vesting conditions.

The selected participants include certain Directors of the Company, certain members of senior management and employees of the Group who under the terms of the Award Scheme 2020 subscribed for the grant shares at the respective Subscription Price as set out in the below table.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 Equity-settled share-based transactions *(Continued)***(b) Share award scheme 2020** *(Continued)*

Details of the Share Award Scheme 2020 at the date of grants are as follows:

Grant date	Number of awarded shares	Vesting period	Subscription price	Fair value at grant date
17/11/2021	33,324,006	35.8%, 32.2% and 32.0% by April 2022, April 2023 and April 2024, respectively	HKD3.70	HKD7.45
16/5/2022	65,000	26 May 2022	HKD3.70	HKD7.03
14/7/2022	300,000	14 July 2022	HKD3.70	HKD7.03
7/12/2022	2,626,708	71.9% and 28.1% by April 2023 and April 2024, respectively	HKD3.70	HKD7.03
3/4/2023	125,000	20% by April 2023 and 80% by April 2024, respectively	HKD3.70	HKD7.68
13/11/2023	2,419,730	30 April 2024	HKD3.70	HKD6.61
26/3/2024	64,000	April 2024	HKD3.70	HKD7.16
13/11/2025	3,589,723	33.3% by April 2026, 33.3% by April 2027 and 33.4% by April 2028	HKD3.81	HKD6.63

For the selected participants who do not meet the vesting conditions, the unvested grant shares remaining at the end of the Award Scheme 2020 are to be forfeited.

	2025	2024
Number of awarded shares		
Outstanding at 1 January	–	12,582,732
Granted during the year	3,589,723	64,000
Lapsed during the year	–	(75,000)
Vested during the year	–	(12,571,732)
Outstanding at 31 December	3,589,723	–

35 Equity-settled share-based transactions *(Continued)*

(b) Share award scheme 2020 *(Continued)*

The fair value of the restricted shares issued was assessed based on the market price of the Company's shares at the grant date. The expected dividends and time value of money for the expected dividends during the vesting period were taken into account when assessing the fair value of the awarded shares.

The weighted average fair value of restricted shares granted in 2024 and 2025 after deducting the respective subscription price, was HKD3.46 per share and HKD2.82 per share (equivalent to approximately RMB3.19 per share and RMB2.63 per share respectively). The expenses arising from the Award Scheme 2020 recognised during the year were RMB1,675,000 (2024: RMB9,133,000).

(c) Equity incentive scheme of CIMC Safeway

The Board of the Company approved the adoption of a Share Award Scheme of a subsidiary, CIMC Safeway (or the "Safeway Incentive Scheme") on 27 November 2020 to recognise the past contributions and to incentivise the future contributions by the participants to the chemical and environmental business unit. Pursuant to the Safeway Incentive Scheme, equity interests in CIMC Safeway will be granted to the Participants through a partnership platforms (the "Partnership Platforms") by way of subscribing for new share capital in CIMC Safeway.

The total capital contribution made by the participants (through the partnership platforms) of the Safeway Incentive Scheme was approximately RMB97,134,000, representing 10% of the enlarged share capital of CIMC Safeway upon completion of the increase of the share capital pursuant to the scheme. The expenses from the Safeway Incentive Scheme recognised during the year were RMB9,107,000 (2024: RMB18,486,000).

(d) Equity incentive scheme of CLPT

The Board of the Company adopted the Share Incentive Scheme of a subsidiary, CIMC Liquid Process Technology Co., Ltd. ("CLPT") on 8 June 2022 to recognise the past and present contributions and to incentivise the future contributions by the participants to the Liquid Food Business Unit.

Pursuant to the scheme, equity interest in CLPT will be granted to the Participants through the partnership platforms by way of subscribing for new registered capital in CLPT.

The total capital contribution by the participants (through the partnership platforms) was approximately RMB82,934,000, representing 5.81% of the enlarged share capital of CLPT. As it is unlikely that CLPT Incentive Scheme's vesting conditions can be met, related share-based payment expenses recognised in prior years amounting to RMB119,745,000 were reversed in the income statement during the year (expenses recognised in 2024: RMB83,246,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 Medium-term and short-term notes

During the year, the Company had issued various commercial papers in the PRC inter-bank market.

(a) Medium-term notes

On 24 April 2024, the Company issued medium-term notes with a principal amount of RMB500,000,000 which will mature three years from date of issue. The medium-term notes bear interest at 2.43% per annum and payable annually.

On 11 September 2024, the Company issued medium-term notes with a principal amount of RMB1,500,000,000 which will mature five years from date of issue. The medium-term notes bear interest at 2.37% per annum and payable annually.

(b) Short-term notes

On 13 September 2024, the Company issued short-term notes with a principal amount of RMB500,000,000 and bore interest at 2.02% per annum. In June 2025, the short-term notes with the accrued interest were settled on maturity.

On 25 April 2025, the Company issued short-term notes with a principal amount of RMB500,000,000 which mature 270 days from date of issue. The short-term notes bear interest at 1.7% per annum and payable on maturity.

37 Income tax in the consolidated balance sheet**(a) Current taxation in the consolidated balance sheet:**

	2025 RMB'000	2024 RMB'000
Current tax payable at the beginning of the year	126,478	76,517
Provision for income tax on profit for the year	336,269	319,846
Current tax paid	(343,493)	(270,467)
Exchange differences	(3,509)	582
	115,745	126,478

(b) Balances of deferred income tax assets and liabilities without taking into consideration the offsetting within the same tax jurisdiction are as follows:

	2025 RMB'000	2024 RMB'000
Deferred tax assets	306,930	307,136
Deferred tax liabilities	(273,875)	(373,922)
	33,055	(66,786)

As at 31 December 2025, the amount of RMB52,912,000 (31 December 2024: RMB139,164,000) had been offset between deferred tax assets and deferred tax liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 Income tax in the consolidated balance sheet (Continued)**(c) Deferred tax assets and liabilities recognised:**

The components of deferred tax assets and liabilities recognised in the consolidated balance sheet and the movements during the year are as follows:

	Provision for impairment losses RMB'000	Provision for product warranties RMB'000	Accrued expenses RMB'000	Tax losses RMB'000	Income recognised on project engineering contract/ inventories RMB'000	Fair value adjustment of tangible and intangible assets RMB'000	Depreciation allowances in excess of the related depreciation RMB'000	Others RMB'000	Total RMB'000
At 1 January 2024	108,519	15,649	108,416	49	(281,664)	(1,972)	(22,354)	(17,855)	(91,212)
(Charged)/credited to the income statement	17,485	(261)	(42,826)	58,838	(5,012)	1,972	(6,856)	(3,581)	19,759
Exchange differences	-	-	-	-	4,667	-	-	-	4,667
At 31 December 2024	126,004	15,388	65,590	58,887	(282,009)	-	(29,210)	(21,436)	(66,786)

	Provision for impairment losses RMB'000	Provision for product warranties RMB'000	Accrued expenses RMB'000	Tax losses RMB'000	Income recognised on project engineering contract/ inventories RMB'000	Fair value adjustment of tangible and intangible assets RMB'000	Depreciation allowances in excess of the related depreciation RMB'000	Others RMB'000	Total RMB'000
At 1 January 2025	126,004	15,388	65,590	58,887	(282,009)	-	(29,210)	(21,436)	(66,786)
(Charged)/credited to the income statement	(57,141)	3,934	8,124	63,825	107,169	500	(4,826)	(6,504)	115,081
Addition through acquisition of a subsidiary (note 47)	-	-	-	-	-	(3,845)	-	-	(3,845)
Exchange differences	-	-	-	-	(11,395)	-	-	-	(11,395)
At 31 December 2025	68,863	19,322	73,714	122,712	(186,235)	(3,345)	(34,036)	(27,940)	33,055

(d) Deferred tax assets not recognised

The Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB1,312,063,000(31 December 2024: RMB1,089,330,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses shall expire in five years from year of occurrence under current tax legislation. Tax losses of approximately RMB83,546,000, RMB231,171,000, RMB364,747,000, RMB341,060,000 and RMB291,539,000 will expire in 2026, 2027, 2028, 2029 and 2030 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 Deferred income

	2025 RMB'000	2024 RMB'000
At 1 January	295,070	310,748
Additions	28,498	14,075
Recognised in the income statement	(33,150)	(29,753)
At 31 December	290,418	295,070

Deferred income mainly represents government grants obtained for the purposes of sponsoring the costs of construction of plants incurred by the Group. The related deferred income was recognised in the income statement over the useful life of the assets to match the depreciation charge of the relevant assets after the completion.

39 Employee benefit liabilities

Employee benefit liabilities represent provision for jubilee benefits, a defined contribution scheme, which are payable to the employees under the employment benefit schemes operated by the Group.

40 Capital and reserves**(a) Share capital**

	2025		2024	
	Number of shares	RMB'000	Number of shares	RMB'000
Authorised:				
Ordinary shares of the Company of HKD 0.01 each (i)	10,000,000,000		10,000,000,000	
Non-redeemable convertible preference shares of the Company of HKD 0.01 each (ii)	2,000,000,000		2,000,000,000	
Issued and fully paid:				
Ordinary shares				
At 31 December	2,030,380,306	18,540	2,028,277,588	18,521

40 Capital and reserves *(Continued)***(a) Share capital** *(Continued)*

A summary of the above movements in issued share capital of the Company is as follows:

	2025		2024	
	Number of shares of HKD0.01 each	RMB'000	Number of shares of HKD0.01 each	RMB'000
At 1 January	2,028,277,588	18,521	2,028,277,588	18,521
Exercise of share options (note 36(a))	2,102,718	19	-	-
At 31 December	2,030,380,306	18,540	2,028,277,588	18,521

- (i) The Company was incorporated in the Cayman Islands under the Companies Law (Revised) as an exempted company with limited liability on 28 September 2004.

On 20 July 2006, the Company listed its entire issued share capital by way of introduction on the Main Board of the Hong Kong Stock Exchange.

- (ii) Pursuant to a special resolution passed at an extraordinary general meeting of the Company on 26 June 2009, the Company's authorised share capital was increased from HKD100,000,000 to HKD120,000,000 by the creation of 2,000,000,000 non-redeemable convertible preference shares ("Convertible Preference Shares") of HKD0.01 each.

The Convertible Preference Shares are non-redeemable by the Company. The holders of the Convertible Preference Shares ("Convertible Preference Shareholders") may request the Company to convert one Convertible Preference Share into one ordinary share during the period from the date of allotment and issue of the Convertible Preference Shares to the date the Company passes a voluntary winding up resolution or is otherwise placed into liquidation. The conversion is subject to the condition that the Convertible Preference Shareholders shall not exercise the conversion rights if upon the conversion, the percentage of the ordinary shares held by the public would drop below the minimum public float requirements under the Listing Rules applicable to the Company.

The Convertible Preference Shareholders are entitled to participate *pari passu* in any dividends payable to the holders of the ordinary shares on a *pro rata as-if-converted* basis. On return of capital on winding up or otherwise, the assets of the Company available for distribution shall be applied towards repayment of an amount equal to the aggregate of paid-up amounts of the Convertible Preference Shares, and the Convertible Preference Shareholders shall not have the right to participate in any remaining assets.

The Convertible Preference Shareholders shall not be entitled to vote at general meetings of the Company unless a resolution is to be proposed at a general meeting for winding-up the Company or a resolution is to be proposed at a general meeting which if passed would vary, modify or abrogate the rights and privileges of the Convertible Preference Shares.

As at 31 December 2025 and 2024, no convertible preference shares of the Company had been issued.

40 Capital and reserves *(Continued)***(b) Nature and purpose of reserves****(i) Share premium**

The application of the share premium account of the Company is governed by the Companies Law (Revised) of the Cayman Islands.

(ii) Contributed surplus

The contributed surplus of the Group includes the sum of difference between:

- (a) the nominal value of the share capital and the existing balance on the share premium account of a subsidiary acquired; and the nominal value of the shares issued by the Company in exchange under a reorganisation of the Group during the year ended 31 December 2005;
- (b) the nominal value of the share capital and the existing balance on the share premium account of the subsidiaries acquired; and the nominal value of the shares issued by the Company in exchange for the acquisition of certain subsidiaries during the year ended 31 December 2009;
- (c) the registered capital of Nantong Transport acquired at RMB69,945,550; and the aggregate cash consideration paid by the Group of RMB66,330,000 for the acquisition of Nantong Transport during the year ended 31 December 2012;
- (d) the registered capital of Holvrieka (China) Co., Ltd. ("NCLS") acquired at RMB324,539,380; and the nominal value of the 39,740,566 ordinary shares issued by the Company in exchange for the acquisition of NCLS during the year ended 31 December 2014; and
- (e) the nominal value of the share capital of Burg Service B.V. acquired at RMB1,263,000; and the aggregate cash consideration paid by the Company of RMB11,737,000 for the acquisition of Burg Service B.V. during the year ended 31 December 2015.

40 Capital and reserves *(Continued)*

(b) Nature and purpose of reserves *(Continued)*

(iii) Capital reserve

The capital reserve of the Group includes:

- (a) the portion of the grant date fair value of unexercised share options and restricted award shares granted to Directors, employees and other eligible persons of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments;
- (b) the capital reserve arising from the transactions with non-controlling interests (note 46); and
- (c) the capital reserve arising from conversion of a subsidiary from a limit liability company into a joint stock company.

(iv) Convertible bonds reserve

The convertible bonds reserve of RMB123,944,000 arising from the equity component on issue of convertible bonds. The balance of this reserve was fully transferred to Capital Reserve on redemption and retirement cancelled in 2024.

(v) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements denominated in foreign currencies to Renminbi.

(vi) General reserve fund

The Group's wholly-owned subsidiaries in the PRC are required to transfer 10% of their net profits, as determined in accordance with PRC accounting rules and regulations, to the general reserve fund until the balance reaches 50% of the registered capital of the respective subsidiaries. The general reserve fund can be used for the subsidiaries' working capital purposes and to make up for previous years' losses, if any. This fund can also be used to increase capital of the subsidiaries, if approved. This fund is non-distributable other than upon liquidation. Transfers to this fund must be made before distributing dividends to the Company.

The Group's subsidiary in Belgium is required to set up a legal reserve of 10% of share capital in accordance with the Belgium Law. The legal reserve is not distributable.

40 Capital and reserves *(Continued)*

(b) Nature and purpose of reserves *(Continued)*

(vii) Other reserve

In accordance with the regulations issued by Ministry of Finance and State Administration of Work Safety of the PRC, the Company is required to establish a special reserve ("Safe Production Fund") calculated based on the revenue of sales of liquefied natural gas.

(viii) Distributable reserves

Under the Companies Law (Revised) of the Cayman Islands, the funds in the share premium account and the contributed surplus account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

At 31 December 2025, the Company had RMB8,377,483,000 available for distribution to equity shareholders of the Company (31 December 2024: RMB6,196,660,000).

(ix) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a net debt to adjusted capital ratio. For this purpose the Group regards net debt as total debt (as defined as including the items in the table below) less cash and cash equivalents. Adjusted capital comprises all components of equity, less unaccrued proposed dividends.

Consistent with the Group's capital management strategy in 2024, the Group aims to maintain the net debt to adjusted capital ratio within 100%. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 Capital and reserves *(Continued)***(b) Nature and purpose of reserves** *(Continued)***(ix) Capital management** *(Continued)*

The net debt to adjusted capital ratio is as follows:

		2025	2024
	Notes	RMB'000	RMB'000
Total liabilities			
Bank loans	31	772,176	364,622
Medium-term notes	36	1,995,035	1,992,087
Loans from related parties	45(e)	227,740	129,152
Trade and bills payables	32	6,474,385	5,429,625
Contract liabilities	15(d)	4,935,918	4,613,795
Other payables and accrued expenses	33	1,891,562	1,787,773
Amounts due to related parties	45(d)	277,236	201,952
Warranty provision	34	360,235	339,956
Lease liabilities	18	273,393	173,393
Short-term notes	36	500,000	500,000
Total debt		17,707,680	15,532,355
Less: Cash and cash equivalents	29	(7,751,634)	(7,264,358)
Net debt		9,956,046	8,267,997
Total equity		13,786,610	13,105,038
Less: Dividends paid	13	(565,768)	(563,504)
Adjusted capital		13,220,842	12,541,534
Net debt to adjusted capital ratio		75%	66%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41 Retirement benefits

The subsidiaries in the PRC participate in government pension schemes whereby they are required to pay annual contributions at certain rates of the basic salaries of their PRC employees. Under these schemes, retirement benefits of the existing and retired employees are payable by the relevant authorities and the Group has no further obligations beyond the annual contributions.

The Group also operates a Mandatory Provident Fund Scheme (the “MPF scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, employees contributions are subject to a cap of monthly relevant income of HKD30,000. Contributions to the plan vest immediately.

42 Cash flow information**(a) Non-cash investing and financing activities**

There were no material non-cash investing and financing transactions except for the additions of the right-of-use assets described in Note 18, the share-based compensation described in Note 35 for the years ended 31 December 2025.

(b) Net debt reconciliation

This section sets out reconciliation of liabilities arising from financing activities for the period presented.

	Bank loans	Loans from related parties	Lease liabilities	Convertible bonds	Medium-term notes	Short-term note	Payables in relation to share-based transactions of subsidiaries	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net debt as at 31 December 2023	(478,538)	(695,526)	(151,531)	(1,452,871)	-	-	(180,068)	(2,958,534)
Cash flows	113,916	566,374	48,101	1,596,406	(1,991,000)	(499,625)	-	(165,828)
Interest charge	(10,769)	(14,846)	(3,287)	(39,921)	(24,445)	(375)	-	(93,643)
Interest capitalised	(4,689)	-	-	-	-	-	-	(4,689)
Interest payment	15,458	14,846	-	-	-	-	-	30,304
Acquisition-leases	-	-	(100,298)	-	-	-	-	(100,298)
Disposal-leases	-	-	33,622	-	-	-	-	33,622
Other charges (i)	-	-	-	-	-	-	-	-
Other non-cash movements	-	-	-	(103,614)	23,358	-	97,134	16,878
Net debt as at 31 December 2024	(364,622)	(129,152)	(173,393)	-	(1,992,087)	(500,000)	(82,934)	(3,242,188)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 Cash flow information *(Continued)***(b) Net debt reconciliation** *(Continued)*

	Bank loans RMB'000	Loans from related parties RMB'000	Lease liabilities RMB'000	Medium-term notes RMB'000	Short-term note RMB'000	Payables in relation to share-based transactions of subsidiaries RMB'000	Total RMB'000
Net debt as at 31 December 2024	(364,622)	(129,152)	(173,393)	(1,992,087)	(500,000)	(82,934)	(3,242,188)
Cash flows	(399,223)	(98,589)	54,674	-	375	-	(442,763)
Interest charge	(12,888)	(8,089)	(6,913)	(58,944)	(1,028)	-	(87,862)
Interest capitalised	(2,016)	-	-	-	-	-	(2,016)
Interest payment	18,573	8,090	-	53,107	653	-	80,423
Acquisition-leases	-	-	(157,406)	-	-	-	(157,406)
Disposal-leases	-	-	9,645	-	-	-	9,645
Other non-cash movements	(12,000)	-	-	2,889	-	-	(9,111)
Net debt as at 31 December 2025	(772,176)	(227,740)	(273,393)	(1,995,035)	(500,000)	(82,934)	(3,851,278)

- (i) Other charges include foreign exchange differences which are presented as non-cash adjustment in operating cash flow in the statement of cash flow.

43 Contingencies**(a) Performance guarantees**

As at 31 December 2025, the Group had outstanding procurement performance guarantees issued by relevant banks totaling RMB7,803,463,000 (31 December 2024: RMB3,199,187,000), project execution guarantees totaling RMB1,159,499,000 (31 December 2024: RMB1,649,653,000), warranty guarantees totaling RMB169,007,000 (31 December 2024: RMB88,083,000) and miscellaneous guarantees totaling RMB18,791,000 (31 December 2024: RMB8,108,000).

44 Commitments**(a) Capital commitments outstanding at 31 December not provided for in the financial statements are as follows:**

	2025 RMB'000	2024 RMB'000
Contracted for		
– Production facilities	608,017	164,806

- (b) As at 31 December 2025 and 2024, the Group did not have any material short-term and low value lease commitments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45 Material related party transactions

Saved as disclosed in other notes of these financial statements, the following transactions were carried out with CIMC and its subsidiaries and associates:

(a) Transactions with CIMC and its subsidiaries and associates

Nature of transactions

		2025 RMB'000	2024 RMB'000
Sales	(i)	386,195	738,131
Purchases	(ii)	372,670	448,881
Comprehensive charges	(iii)	6,379	7,776
Processing charges	(iv)	6,671	12,249
Processing income	(v)	1,477	722
Office services income	(vi)	795	917
Loans from related parties	(vii)	402,543	325,150
Repayment of loans from related parties	(vii)	303,954	878,812
Loan interest expenses	(vii)	5,113	4,948
Deposit service	(viii)	698,885	691,842
Interest income from deposits	(viii)	8,267	6,312

- (i) Sales to related parties mainly represent sales of products to related parties.
- (ii) Purchases from related parties mainly represent purchases of raw materials for production.
- (iii) Comprehensive charges mainly represent services including staff messing, medical expenses and general services provided to the Group by related parties.
- (iv) Processing charges mainly represent processing services, site leasing and other related services provided to the Group by related parties.
- (v) Processing income mainly represents processing services of welding, heat treatment and testing provided to related parties by the Group.
- (vi) Office services income mainly represents provision of office services including staff catering, transportation services, site leasing and general office services to related parties.
- (vii) The loans are unsecured, interest bearing from 2.11% to 3.00% (31 December 2024: 3%) per annum and are repayable within one to four year (31 December 2024: repayable within one year).
- (viii) Deposit service represents deposit acceptance service provided by a related party to the Group. The amount represents the maximum daily outstanding balance of the Group's deposits placed with a related party. The deposits bear interest from 0.55% to 2.00% (31 December 2024: 0.55% to 2.00%) and can be withdrawn on demand.

45 Material related party transactions *(Continued)***(b) Transactions with an associate of the Group**

Nature of transactions

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Sales	349,565	24,552
Purchase	498,876	549,635

All of the transactions above were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties.

(c) Remuneration for key management personnel

Remuneration for key management personnel, including amounts paid to the Company's Directors as disclosed in note 11, certain highest paid employees as disclosed in note 12 and other key management personnel is as follows:

	2025 RMB'000	2024 RMB'000
Short-term employee benefits	41,911	41,375
Share-based compensation benefits	13,598	29,915
	55,509	71,290

Total remuneration is included in "staff costs" (see note 9(b)).

(d) Amounts due from/(to) related parties

	2025 RMB'000	2024 RMB'000
Trade receivables for products sold and other receivables (i)	156,875	142,864
Trade payables for raw material purchased and receipts in advance for sales (i)	(277,236)	(201,952)

(i) The outstanding balances with these related parties are unsecured, interest free and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45 Material related party transactions *(Continued)***(e) Loans from related parties**

	2025 RMB'000	2024 RMB'000
Loans from CIMC Finance Company Ltd. ("CIMC Finance")	227,740	129,152
	2025 RMB'000	2024 RMB'000
Loans from related parties-current	200,806	129,152
Loans from related parties-Non-current	26,934	–
Total	227,740	129,152

- (i) The loans are unsecured, interest bearing from 2.11% to 2.51% (31 December 2024: 3.00%) per annum and are repayable within one to four years (31 December 2024: repayable within one year).

(f) Deposits placed with CIMC Finance

	2025 RMB'000	2024 RMB'000
Deposits	691,547	663,830

- (i) The deposits bear interest and can be withdrawn on demand.
- (ii) The deposits are included as part of the Group's cash and cash equivalents (note 29).

46 Non-controlling interests

The movements of non-controlling interests were as follows:

	2025 RMB'000	2024 RMB'000
At 1 January	1,605,964	1,141,392
Total comprehensive income for the year	36,377	49,505
Acquisition of a subsidiary (note 47)	12,123	–
Transactions with non-controlling interests	(362)	–
Capital contribution from non-controlling interests (a)	88,216	117,199
Capital repayment to non-controlling interests	(8,330)	–
Dividends distribution made by subsidiaries to non-controlling interests	(91,645)	(85,916)
Equity-settled share-based transactions of subsidiaries	59	383,784
Others	(1)	–
	1,642,403	1,605,964

- (a) Capital contribution from non-controlling interests during the year ended 31 December 2025 mainly comprised the following transactions:
- (i) capital injection into CIMC-Hexagon Hydrogen Energy Systems Limited in the amount of RMB14,500,000 by non-controlling interests;
 - (ii) capital injection into EHT in the amount of RMB6,000,000 by non-controlling interests;
 - (iii) capital injection into CLPT in the amount of RMB106,111,000 by non-controlling interests and the difference in the amount of RMB38,395,000 between the consideration and the non-controlling interests is recognised in capital reserve.

47 Business combinations

- (a) On 30 June 2025, the Group acquired 51% equity interest in Youqi Environmental Engineering Co., Ltd. ("SHYQ"), a company principally engaged in provision of environmental engineering services, at a consideration of RMB14,500,000.
- (b) The following table summarises the considerations paid and the amounts of the assets acquired and liabilities assumed recognised at the acquisition dates.

Preliminary recognised amounts of identifiable assets acquired and liabilities assumed:

	Provisional Fair value
	SHYQ RMB'000
Cash and cash equivalents	6,012
Term and restricted bank deposits	2,609
Interest in an associate	688
Property, plant and equipment	1,823
Intangible assets	26,487
Right-of-use assets	2,388
Construction in progress	–
Inventories	66,927
Trade and bills receivables, other receivables deposits and prepayments	18,791
Bank loans	(17,094)
Lease liabilities	(2,513)
Deferred tax liabilities	(3,845)
Trade and bills payables, other payable and accrued expense	(77,552)
	<hr/>
Total identifiable net assets	24,741
Non-controlling interests	(12,123)
Goodwill (note 24)	1,882
	<hr/>
	14,500
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- (c) The following table summarises the considerations paid and the amounts of the assets acquired and liabilities assumed recognised at the acquisition dates.

	SHYQ RMB'000
Outflow of cash to acquire business, net of cash acquired	
– cash consideration paid	(14,500)
– cash and cash equivalents in the subsidiaries acquired	6,012
	<hr/>
Net cash outflow on acquisition	(8,488)
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

48 Balance sheet and reserve movement of the Company

(a) Balance sheet of the Company

	As at 31 December	
	2025 RMB'000	2024 RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	739	1,036
Investments in subsidiaries	5,513,910	5,745,435
Right-of-use assets	168	3,217
Total non-current assets	5,514,817	5,749,688
Current assets		
Other receivables	21,499	13,656
Amounts due from subsidiaries	8,695,243	8,558,377
Cash and cash equivalents	59,534	35,310
Total current assets	8,776,276	8,607,343
Total assets	14,291,093	14,357,031
LIABILITIES		
Non-current liability		
Medium-term notes	1,995,035	1,992,087
Total non-current liability	1,995,035	1,992,087
Current liabilities		
Short-term notes	500,000	500,000
Convertible bonds	197,374	–
Trade and bills payables	1	231
Other payables and accrued expenses	154,390	60,129
Amounts due to subsidiaries	2,852,546	4,938,389
Current lease liabilities	–	1,107
Total current liabilities	3,704,311	5,499,856
Total liabilities	5,699,346	7,491,943
Net assets	8,591,747	6,865,088
EQUITY		
Share capital	18,540	18,521
Reserves	8,573,207	6,846,567
Total equity	8,591,747	6,865,088

48 Balance sheet and reserve movement of the Company *(Continued)***(b) Reserve movement of the Company**

	Share premium	Shares held for share award scheme	Contributed surplus	Capital reserve	Exchange reserve	Convertible bond reserve	Retained Earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	40(b)(i)	35(b)(c)	40(b)(ii)	40(b)(iii)	40(b)(v)	40(b)(iv)		
At 31 December 2023 and 1 January 2024	663,116	(56,427)	4,903,654	153,512	316,137	123,944	1,010,853	7,114,789
Total comprehensive income for the year	-	-	-	-	259,630	-	7,517	267,147
Purchase of shares in connection with share award scheme	-	(1,766)	-	-	-	-	-	(1,766)
Shares held for share award scheme – vesting of awarded shares	41,846	44,091	-	(40,928)	-	-	8,653	53,662
Lapse of share options (note 35(a))	-	-	-	(124,525)	-	-	124,525	-
Equity-settled share-based transactions (note 35(c))	-	-	-	50,302	-	-	-	50,302
Convertible bond redemption	-	-	-	123,944	-	(123,944)	-	-
2023 final dividends paid	-	-	-	-	-	-	(563,504)	(563,504)
Others	-	-	-	(74,063)	-	-	-	(74,063)
At 31 December 2024	704,962	(14,102)	4,903,654	88,242	575,767	-	588,044	6,846,567

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

48 Balance sheet and reserve movement of the Company *(Continued)***(b) Reserve movement of the Company** *(Continued)*

	Share premium RMB'000 40(b)(i)	Shares held for share award scheme RMB'000 35(b)(c)	Contributed surplus RMB'000 40(b)(ii)	Capital reserve RMB'000 40(b)(iii)	Exchange reserve RMB'000 40(b)(v)	Retained Earnings RMB'000	Total RMB'000
At 31 December 2024 and 1 January 2025	704,962	(14,102)	4,903,654	88,242	575,767	588,044	6,846,567
Total comprehensive income for the year	-	-	-	-	(479,954)	2,732,950	2,252,996
Capital contributions by owners	13,641	-	-	-	-	-	13,641
Purchase of shares in connection with share award scheme	-	(1,788)	-	-	-	-	(1,788)
Equity-settled share-based transactions (note 35(c))	-	-	-	27,559	-	-	27,559
2024 final dividends paid (note 13)	-	-	-	-	-	(565,768)	(565,768)
At 31 December 2025	718,603	(15,890)	4,903,654	115,801	95,813	2,755,226	8,573,207

49 Immediate and ultimate controlling party

At 31 December 2025 and 2024, the immediate parent of the Company is China International Marine Containers (Hong Kong) Limited, which is incorporated in Hong Kong. This entity does not produce consolidated financial statements available for public use.

At 31 December 2025 and 2024, the Directors consider the ultimate controlling party of the Company to be CIMC, which is established in the PRC and the address of its principal place of business is CIMC R&D Center, No. 2, Gangwan Avenue, Shekou Industrial Park, Nanshan District, Shenzhen, Guangdong Province. This entity produces consolidated financial statements available for public use.

CORPORATE INFORMATION

Directors**Non-executive Directors**Gao Xiang (*Chairman*)

Zeng Han

Wang Xiaoyan (appointed as Non-executive
Director on 26 August 2025)

Wang Yu

Yu Yuqun (resigned as Non-executive
Director on 26 August 2025)**Executive Director**Yang Xiaohu (*President*)**Independent Non-executive Directors**

Tsui Kei Pang

Yang Lei

Wong Lai, Sarah

Qiu Hong

Company Secretary

Zhong Yingxin

Audit Committee

Wong Lai, Sarah*

Tsui Kei Pang

Yang Lei

Qiu Hong

Remuneration Committee

Qiu Hong*

Zeng Han

Yang Lei

Nomination Committee

Yang Lei*

Gao Xiang

Qiu Hong

Sustainable Committee

Gao Xiang*

Yang Xiaohu

Wang Xiaoyan

* *chairman/chairperson of the relevant Board committees***Authorised Representatives**

Gao Xiang

Zhong Yingxin

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Registered Public Interest Entity Auditor

Legal Advisors

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ING Bank N.V.

Bank of Communications

China Construction Bank

Dah Sing Bank

Taipei Fubon Bank

Rabobank

Principal Share Registrar and Transfer Agent

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Block 3, Building D

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Gardenia Court

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Grand Cayman, KY1-1100

Cayman Islands

Hong Kong Branch Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited

46th Floor, Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

Important Date**Annual General Meeting**

20 May 2026

**Closure of Register of Members for the 2025
Final Dividend**

1 June 2026 to 4 June 2026 (both days inclusive)

Payment of 2025 Final Dividend

On or about 29 June 2026

Stock Code

3899

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