

**迪诺斯**  
Denox Environment

**DENOX ENVIRONMENTAL & TECHNOLOGY  
HOLDINGS LIMITED**  
迪諾斯環保科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1452



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# CORPORATE INFORMATION

## Board of Directors

### Executive Directors

Ms. ZHAO Shu (*Chairlady*)  
Mr. LI Ke

### Non-executive Director

Mr. LI Xingwu

### Independent Non-executive Directors

Ms. CHAN Yeuk Wa  
Mr. ONG Chor Wei  
Dr. WANG Xueqian

### Audit Committee

Ms. CHAN Yeuk Wa (*Chairlady*)  
Mr. ONG Chor Wei  
Dr. WANG Xueqian

### Remuneration Committee

Dr. WANG Xueqian (*Chairman*)  
Ms. ZHAO Shu  
Mr. ONG Chor Wei

### Nomination Committee

Ms. ZHAO Shu (*Chairlady*)  
Mr. ONG Chor Wei  
Dr. WANG Xueqian

## Joint Company Secretaries

Mr. LIU Lianchao  
Ms. YU Anne

## Authorised Representatives under Rule 3.05 of the Listing Rules

Ms. ZHAO Shu  
Mr. LIU Lianchao

## Auditor

Rongcheng (Hong Kong) CPA Limited  
*Certified Public Accountants*  
Registered Public Interest Entity Auditor  
Unit 4301-07, 43/F  
COSCO Tower  
183 Queen's Road  
Central  
Hong Kong

## Registered Office in Cayman Islands

Conyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## Principal Place of Business in Hong Kong

40th Floor, Dah Sing Financial Centre  
No. 248 Queen's Road East  
Wanchai  
Hong Kong

## Headquarters and Principal Place of Business in the PRC

Room 1506-1, 12th Floor, Block 2  
No. 128 Western South Fourth Ring Road  
Fengtai District  
Beijing 100070  
People's Republic of China

## Cayman Islands Principal Share Registrar and Transfer Office

Conyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## Hong Kong Branch Share Registrar and Transfer Office

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

## Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited  
China Construction Bank Corporation  
China Merchants Bank

## Company's Website

[www.china-denox.com](http://www.china-denox.com)

## Stock Code

01452



# CHAIRLADY'S STATEMENT



On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Denox Environmental & Technology Holdings Limited (the “**Company**”, stock code: HK01452), I am pleased to present the results of the Company and its subsidiaries (collectively, the “**Group**” or “**Denox**”) for the year ended 31 December 2025.

## Review on the work of the Group for 2025

According to the preliminary calculations as set out in the 2025 National Economy and Social Development Statistics released by the National Bureau of Statistics of China, China’s gross domestic product (GDP) reached RMB140.19 trillion in 2025, representing a year-on-year growth of 5.0%. The total economic output exceeded RMB140 trillion for the first time, successfully accomplishing the expected target.

Under the above-mentioned national macro-economic situation, with the concerted efforts of all employees, the Group maintained an overall positive trajectory in its business operations in 2025, primarily evidenced by:

- (I) The Group’s traditional plate-type and honey-comb catalysts have essentially secured a firm foothold amidst persistently fierce market competition, with overall revenue maintaining a steady upward trend. The Group basically achieved its annual predetermined goals and made breakthroughs in certain key operational indicators. Performance in areas such as contract value, customer delivery, cost control, and the overseas market basically met or exceeded the expected levels.
- (II) The Group made significant progress in new products. Among these, corrugated plate-type catalysts and carbon monoxide removal catalysts both achieved breakthrough progress in 2025. Particularly for the carbon monoxide removal catalyst, based on years of accumulated experience, the Group adjusted its strategy in a timely manner in response to market conditions and technical characteristics by mobilizing all available resources both internally and externally, and finally made significant breakthroughs in the second half of the year. The Group’s carbon monoxide removal catalyst products are currently undergoing on-site operational validation



at customer facilities, and have been performing well so far, laying a solid foundation for the Group's further expansion into the carbon monoxide removal market. Meanwhile, while summarizing relevant experiences, the Group is also methodically and step-by-step accelerating efforts in market research, internal and external technical cooperation and reserve, and in-depth customer communication for other new catalyst products.

- (III) The Group improved procedures and systems regarding product cost analysis and control, staff compensation assessment, the training and job rotation of young key employees, and financial budgeting and final accounting, further enhancing the Group's operational and management capabilities.

## Outlook to the work of the Group for 2026

**(I) Continue to consolidate the achievements in cost reduction and efficiency enhancement for mature products, and accelerate cost reduction efforts for new products while ensuring quality**

Through several years of continuous effort, the Group has made significant progress in reducing costs and enhancing efficiency for its mature products. Moving forward, the Group will solidify these achievements. Meanwhile, for its newly developed products, the Group will transplant and replicate the valuable experiences in cost reduction and efficiency enhancement of mature products as soon as possible, including process optimization, equipment upgrading and transformation, and the application of information-based and intelligent tools, to strive to maintain and improve product gross profit margins.

**(II) Conduct an in-depth summary of the Group's past experiences and lessons learned regarding relevant products**

Over the past few years, the Group has continuously explored new product development in response to market demands. Positive results have been achieved with products such as corrugated plate-type catalysts and carbon monoxide removal catalysts. The Group will continue to think deeply to draw inferences from one instance to another, strive to consistently improve its new product planning, effectively organize internal and external resources, and lay plans in advance, with an aim to continuously introduce new products that meet market needs, thereby sustaining its capacity for product renewal and ongoing innovation.

## CHAIRLADY'S STATEMENT

### **(III) Continue to strengthen and enhance the Group's operational capabilities, while making progress in the Group's business**

As the Group's strategy has been adjusted and optimized in recent years, its operational results are gradually emerging and showing an overall positive trend. Moving forward, the Group needs to break away from previous operational mindsets, bring forth new ideas, elevate its business philosophy, and enhance management capabilities. Significant efforts should be dedicated to training and developing a team of young key employees to facilitate a smooth transition between generations in operational management. Throughout this process, we aim for a smooth handover and the creation of synergy, ensuring that operational management and business development advance in parallel.

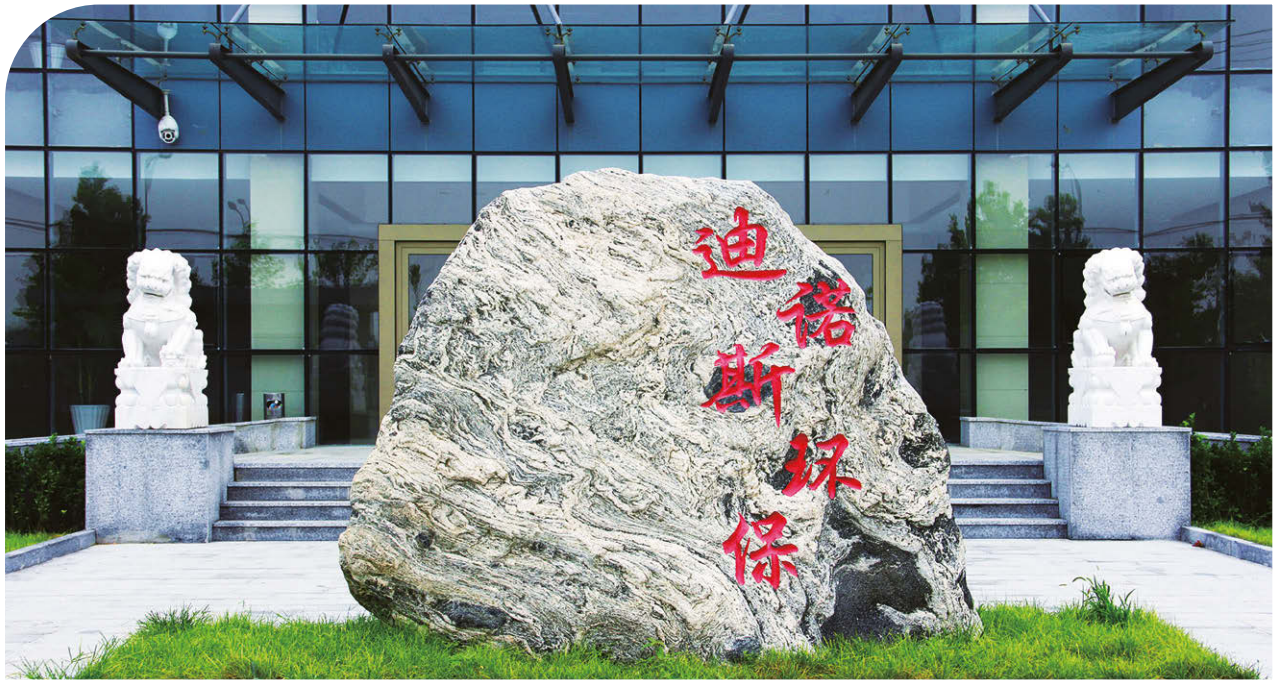
Finally, on behalf of the Board, I would like to thank all the staffs for their dedication and contribution and all the Shareholders and cooperative partners for their support and understanding. The Group will continue to strengthen domestic and international market expansion and intensify the launch of new products and new businesses, striving to achieve an overall improvement in the Group's operations.

Yours faithfully,

**Zhao Shu**

*Chairlady*

27 March 2026



The Company is committed to achieving high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability.

## Corporate Governance Practices

The Company has adopted the principles and code provisions set out in the CG Code as set out in Appendix C1 to the Listing Rules as its own corporate governance code to govern its corporate governance practices. Throughout the Reporting Period, the Company has complied with all the relevant code provisions of the CG Code save and except for the deviation from code provision C.2.1 of Part 2 of the CG Code as set out in the section headed “Chairman and Chief Executive” on page 12 of this annual report.

The Board will continue to review and monitor the corporate governance practices of the Company with the aim of maintaining and improving a high standard of corporate governance practices.

## Directors’ Securities Transactions

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors’ securities transactions. Having made specific enquiry to all Directors, each of the Director has confirmed that he/she has complied with the required standards set out in the Model Code throughout the Reporting Period and up to the date of this annual report.

## Corporate Culture

The Company adheres to the corporate culture of “integrity, responsibility, gratitude, innovation, inclusiveness, and moral integrity.” With the mission of “creating clear waters and blue skies,” we are committed to becoming an internationally renowned environmental protection company. We sincerely wish to join hands with like-minded individuals to contribute to energy conservation and emission reduction efforts in China and even globally.

# CORPORATE GOVERNANCE REPORT

The Board strives to adhere to the principles of good corporate governance and adopt sound corporate governance practices to promote such culture by focusing on areas such as internal control, fair disclosure, and accountability to all Shareholders.

The Group believes that the culture of commitment to workforce development, workplace safety and health, diversity, and sustainability fosters a sense of commitment and emotional engagement with the Group's mission.

## Directors

### Board Composition

As at the date of this annual report and during the Reporting Period, the Board consists of six Directors, comprising two executive Directors, one non-executive Director and three independent non-executive Directors, the composition of the Board is set out as follows:

#### *Executive Directors*

Ms. ZHAO Shu

Mr. LI Ke

#### *Non-executive Director*

Mr. LI Xingwu

#### *Independent non-executive Directors*

Ms. CHAN Yeuk Wa

Mr. ONG Chor Wei

Dr. WANG Xueqian

The biographical information of the Directors are set out and disclosed in the section headed "Directors and Senior Management" on pages 44 to 47 of this annual report.

Save as disclosed in this annual report, to the best knowledge of the Directors, none of the Director has any personal relationship (including financial, business, family or other material/relevant relationship(s)) with any other Directors, the chairlady of the Board and chief executive officer of the Company.



## Roles and Responsibilities

The Board is responsible for determining our business and investment plans, preparing our annual financial budgets and financial reports, formulating proposals for profit distributions as well as exercising other powers, functions and duties as conferred by the Articles of Association. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operations and management of the Company are delegated to the executive Directors and senior management. They report periodically to the Board of their work and business decisions.

In addition, the operation of the senior management and our Board, which is comprised of experienced individuals, effectively checks and balances the power and authority of Ms. Zhao Shu, the chairlady of the Board, an executive Director and chief executive officer of our Group. Our Board currently comprises two executive Directors (including Ms. Zhao Shu), one non-executive Director and three independent non-executive Directors, and therefore has a fairly strong independence element in the Board's composition.

All Directors must dedicate sufficient time and attention to the Group's affairs. The Company also requested all Directors to disclose to the Company annually the number and the nature of offices held in public companies or organisations and other significant commitments with an indication of the time involved.

In essence, the Board will take into account the Director's attendance of Board meetings and serving on committees of the Board in assessing his/her ability to devote sufficient time and attention to participate in the affairs of the Company. In addition, the Company will also take into account the background, expertise and experience of the Directors in assessing the possible contribution by the Director to the Company.

## Attendance Record of the Directors

The attendance record of each Director at the Board meetings and Board committees' meetings and general meetings of the Company held during the Reporting Period is set out below:

	Number of Meetings attended/held				2025	2025
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual general meeting	Extraordinary general meeting
<b>Executive Directors</b>						
Ms. ZHAO Shu	4/4	N/A	1/1	1/1	1/1	1/1
Mr. LI Ke	4/4	N/A	N/A	N/A	1/1	1/1
<b>Non-executive Director</b>						
Mr. LI Xingwu	4/4	N/A	N/A	N/A	1/1	1/1
<b>Independent non-executive Directors</b>						
Ms. CHAN Yeuk Wa	4/4	2/2	N/A	N/A	1/1	1/1
Mr. ONG Chor Wei	4/4	2/2	1/1	1/1	1/1	1/1
Dr. WANG Xueqian	4/4	2/2	1/1	1/1	1/1	1/1

## CORPORATE GOVERNANCE REPORT

In addition, in order to facilitate open discussion with all independent non-executive Directors, the chairlady of the Board had also held one meeting with all the independent non-executive Directors without the presence of other Directors in accordance with the CG Code during the Reporting Period.

### **Independence of the independent non-executive Directors**

The Company has appointed three independent non-executive Directors, representing more than one-third of the Board, and at least one of them possessing appropriate professional qualifications, or accounting or related financial management expertise. Based on the foregoing, the Board considers that the balance between executive Directors and independent non-executive Directors is reasonable and adequate to provide sufficient checks and balances to safeguard the interests of Shareholders and the Group as a whole.

The Company has received from each of the independent non-executive Directors a written confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Board considers all independent non-executive Directors to be independent. The Board believes that there is a strong independent element in the Board.

All Directors, including independent non-executive Directors, are clearly identified in all corporate communications of the Company. A list of Directors is available on the websites of the Company (<https://www.china-denox.com>) and the Stock Exchange (<https://www.hkexnews.hk>) and will be updated, when necessary.

No equity-based remuneration (e.g. share options or grants) with performance-related elements have been granted to the independent non-executive Directors during the Reporting Period.

### **Mechanism to Ensure Independent Views of Directors**

To ensure that the Board can obtain independent views and opinions, our Company has established various formal and informal channels whereby independent non-executive Directors can express their opinions to the Board in an open and candid manner, and in a confidential manner, should circumstances require.

Independent non-executive Directors provide constructive suggestions to the Board based on objective judgment through formal and informal channels to improve the efficiency and decision-making of the Board. According to the rules of proceedings of the Board, the views of independent non-executive Directors shall be recorded separately for resolutions which require them to express their special views. If there are any inconsistency, their views shall be recorded respectively. For resolutions which are required to be disclosed, the views of independent non-executive Directors shall be disclosed separately.

The Board shall review the implementation and effectiveness of the aforementioned mechanism on an annual basis.

## Directors' Training and Professional Development

In compliance with the CG Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure that they keep abreast of the current requirements of the Listing Rules and other applicable laws and regulations. Each newly appointed Director will receive an induction package covering the regulatory obligations as a director of a listed company on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. The Company shall provide updates to the Directors and senior management on the material changes to the Listing Rules and other applicable regulatory requirements. The circulars and guidance notes from Stock Exchange may be circulated to Directors and senior management of the Company where appropriate, to ensure their awareness of best corporate governance practices as well as the updates of the Listing Rules and other applicable laws and regulations.

All Directors have participated in appropriate continuous professional development programs and/or reading relevant materials during the Reporting Period to develop and refresh their knowledge and skills and received regular briefings and updates on the topics below as required by the Listing Rules. All Directors are encouraged to attend relevant training courses at the Company's expenses. All Directors are requested to provide the Company with their respective training records during the Reporting Period pursuant to the CG Code.

	Directors' Duties and responsibilities	Legal and regulatory developments	Corporate Governance and ESG matters	Risk management and internal control	Updates on industry developments, business trends and strategies
<b>Executive Directors</b>					
Ms. ZHAO Shu	✓	✓	✓	✓	✓
Mr. LI Ke	✓	✓	✓	✓	✓
<b>Non-executive Director</b>					
Mr. LI Xingwu	✓	✓	✓	✓	✓
<b>Independent Non-executive Directors</b>					
Ms. CHAN Yeuk Wa	✓	✓	✓	✓	✓
Mr. ONG Chor Wei	✓	✓	✓	✓	✓
Dr. WANG Xueqian	✓	✓	✓	✓	✓

# CORPORATE GOVERNANCE REPORT

## Chairman and Chief Executive

Pursuant to code provision C.2.1 of Part 2 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The day-to-day responsibilities of the chief executive officer are performed by Ms. Zhao Shu, who is also the chairlady of the Board. As Ms. Zhao Shu has extensive experience in the Group's business operations and management in general, the Board considers that it is not necessary to separate the roles of the chairlady of the Board and the chief executive officer of the Company. Given the current stage of development of the Group, the Board is of the view that vesting the two roles in the same person provides the Company with strong and consistent leadership and facilitates the implementation and execution of the Group's business strategies which are in the best interests of the Company.

Under the leadership of Ms. Zhao Shu, the Board works efficiently and performs its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, all major decisions are made in consultation with members of the Board and relevant Board committees, and there are one non-executive Director and three independent non-executive Directors on the Board offering independent perspectives. The Board is of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board shall nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances, as to maintain a high standard of corporate governance practices of the Company.

## Appointment and Re-Election of Directors

The procedures of appointment, re-election and removal of Directors are laid down in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession planning of Directors and assessing the independence of independent non-executive Directors.

All executive Directors have entered into service contracts with the Company for a term of three years until terminated in accordance with the terms of the service contracts. Under the service contracts, either party may terminate such contract at any time by giving the other not less than three months' prior notice in writing.

All non-executive Directors (including independent non-executive Directors) has signed a letter of appointment with our Company, with no specific term. Under the letter of appointment, either party may terminate such contract at any time by giving the other not less than three months' prior notice in writing.

In accordance with Article 84(1) of the Articles of Association, at each annual general meeting of the Company, 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 an annual general meeting of the Company at least once every three years. Mr. Li Xingwu and Mr. Ong Chor Wei shall retire by rotation, and being eligible, offer themselves for re-election at the Annual General Meeting.

Save for aforesaid, none of our Directors has or is proposed to have a service contract or letter of appointment with the Company or any of its subsidiaries which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

## DIRECTORS' RESPONSIBILITIES

The Board is responsible for performing the corporate governance duties including:

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

## BOARD COMMITTEES

In compliance with the CG Code, the Company has established three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference. These committees perform their distinct roles in accordance with their respective terms of reference which are available on the websites of the Company (<https://www.china-denox.com>) and the Stock Exchange (<https://www.hkexnews.hk>). All Board committees should report to the Board on their decisions or recommendation made.

### Audit Committee

The Company established the Audit Committee on 19 October 2015 with written terms of reference in compliance with Rule 3.21 of the Listing Rules. The latest terms of reference of the Audit Committee are available on the websites of the Company (<https://www.china-denox.com>) and the Stock Exchange (<https://www.hkexnews.hk>), respectively. As at the date of this annual report, the Audit Committee consists of three independent non-executive Directors, namely Ms. Chan Yeuk Wa (being the chairlady of the Audit Committee), Mr. Ong Chor Wei and Dr. Wang Xueqian. Ms. Chan Yeuk Wa and Mr. Ong Chor Wei have appropriate professional qualification under Rules 3.10(2) and 3.21 of the Listing Rules.

The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, to review the remuneration of the external auditor, to monitor their independence and objectivity, to oversee the audit procedures, to develop and review the policies of the Group and to perform other duties and responsibilities as assigned by the Board. In particular, the Audit Committee is empowered under its terms of reference to review any arrangement which may raise concerns about possible improprieties in financial reporting, internal control or other matters.

The Audit Committee had held two meetings during the Reporting Period, with all members thereof present to review, among others, the financial results for the year ended 31 December 2025 and the interim results for the six months ended 30 June 2025 and their respective reports, financial reporting and compliance procedures, internal control and risk management systems, appointment, remuneration, and scope of work of external auditors.

# CORPORATE GOVERNANCE REPORT

According to code provision D.3.3(e)(i) of Part 2 of the CG Code and the terms of reference of the Audit Committee, the Audit Committee must meet, at least twice a year, with the Company's external auditors. The Audit Committee has met twice with the Company's external auditors during the Reporting Period.

The Company's annual results for the Reporting Period have been reviewed by the Audit Committee.

The attendance records of each member of the Audit Committee are set out in the section "Attendance Record of the Directors" on page 9 of this annual report.

## Remuneration Committee

The Company established the Remuneration Committee on 19 October 2015 with written terms of reference in compliance with Rule 3.25 of the Listing Rules. The latest terms of reference of the Remuneration Committee are available on the websites of the Company (<https://www.china-denox.com>) and the Stock Exchange (<https://www.hkexnews.hk>), respectively. The Remuneration Committee consists of three members, being Dr. Wang Xueqian, Ms. Zhao Shu and Mr. Ong Chor Wei, two of whom are independent non-executive Directors. The Remuneration Committee is chaired by Dr. Wang Xueqian.

The primary duties of the Remuneration Committee include (but without limitation): (i) making recommendations to the Board regarding the policy and structure for the remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies; (ii) making recommendations to the Board on the remuneration packages of the executive Directors and senior management, including benefits in kind, pension rights and compensation payments (e.g. compensation payable for loss or termination of their office or appointment); (iii) making recommendations to the Board on the remuneration of non-executive Directors; (iv) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; and (v) reviewing the Share Scheme under Chapter 17 of the Listing Rules.

The Remuneration Committee held one meeting during the Reporting Period, with all members thereof present, to review and make recommendations to the Board on the existing remuneration packages of executive Directors and senior management, the remuneration of non-executive Directors, to review the 2015 share option scheme and adoption of the 2025 Share Option Scheme. The attendance records of each member of the Remuneration Committee are set out in the section "Attendance Record of the Directors" on page 9 of this annual report.

The remuneration of senior management of the Company (other than the Directors) by bands for the Reporting Period are set out below:

The remuneration bands	Number of Individuals	
	2025	2024
Nil to HK\$1,000,000	2	1
HK\$1,000,001 – HK\$1,500,000	–	1

Information on the emoluments of the Directors and the five highest paid individuals is set out in notes 13 and 14 to the consolidated financial statements.

## Nomination Committee

The Company established the Nomination Committee on 19 October 2015 with written terms of reference. The latest terms of reference of the Nomination Committee are available on the websites of the Company (<https://www.china-denox.com>) and the Stock Exchange (<https://www.hkexnews.hk>), respectively. The Nomination Committee consists of three members, being Ms. Zhao Shu, Mr. Ong Chor Wei and Dr. Wang Xueqian, two of whom are independent non-executive Directors. The Nomination Committee is chaired by Ms. Zhao Shu, the chairlady of the Board in accordance to Rule 3.27A of the Listing Rules.

The primary functions of the Nomination Committee include: (i) reviewing the structure, size and composition (including the skills, knowledge, professional experience, gender, cultural and educational background, and diversity of perspectives) of the Board at least annually; (ii) reviewing the board diversity policy (the “**Board Diversity Policy**”); (iii) making recommendations to the Board on the appointment or re-appointment of members of the Board; (iv) assessing the independence of independent non-executive Directors; and supporting the Company’s regular evaluation of the Board’s performance.

The Nomination Committee shall review the Board Diversity Policy and the measurable objectives at least annually, and as appropriate, to ensure the continued effectiveness of the corporate governance of the Board based on the following criteria:

1. at least one member of the Board must be a female Director;
2. at least one-third of the Directors must be independent non-executive Directors; and
3. at least one independent non-executive Director must possess accounting or professional qualifications.

During the Reporting Period, all the above measurable objectives were achieved.

The Nomination Committee had held one meeting during the Reporting Period, with all members thereof present, to assess the independence of independent non-executive Directors, assess the time commitment and the contribution to the Board and review the proposed re-election of Directors at the annual general meeting of the Company. The Board also discussed the above measurable objectives, including but not limited to skills, knowledge, professional experience, gender, cultural and educational background, and agreed that these measurable objectives were achieved for the diversity of the Board.

The nomination procedures adopted by the Nomination Committee to select and recommend suitable candidates for directorship are set out as follows:

The Nomination Committee shall actively communicate with the relevant departments of the Company to assess the needs for new directors and prepare written information. The Nomination Committee may identify potential candidates as Directors within the Group and external human resources market, and may collect the necessary information of the primary candidates, including occupations, educational background, title, detailed work experiences and all part-time jobs. Candidates will only put forward for consideration if they have expressly consented to being nominated. The Nomination Committee shall convene a meeting to review the qualifications of the primary candidates according to the directors’ qualifications and submit recommendations and relevant information to the Board on candidates for directorships. It shall also perform other follow-up work based on the Board’s decision and feedback.

# CORPORATE GOVERNANCE REPORT

The attendance records of each member of the Nomination Committee are set out in the section “Attendance Record of the Directors” on page 9 of this annual report.

## Environmental Policies and Performance

The Board has overall responsibility for the Group’s environmental, social and governance, (the “**ESG**”) strategy and reporting, and is responsible for the Group’s ESG risk management and internal control systems to ensure that the ESG strategies and reporting requirements are met. An environmental policy has been adopted by the Group for implementation of environmentally friendly measures and practices in the operation of the Group’s businesses. The Group adheres to the principle of recycling and reducing and implements green office practices, e.g. using recycled paper, setting up recycling bins and double-sided printing and copying.

During the Reporting Period, the Group has complied with the ‘comply and explain’ provisions set out in the ESG Reporting Guide. The details of the ESG performance of the Group as set out in the ESG section of this annual report.

The Board will review the environmental policy from time to time and consider implementing further environmentally friendly measures and practices in the operation of the Group’s businesses.

## Accountability and Audit

### Directors’ and Auditor’s acknowledgement

The Board acknowledges its responsibilities for the preparation of the financial statements of the Group for each financial year, which should give a true and fair view of the state of affairs of the Company and the Group and of the results and cash flow for that year in compliance with relevant laws and applicable accounting standards.

In preparing the consolidated financial statements for the year ended 31 December 2025, the Directors have adopted appropriate and consistent accounting policies and made prudent and reasonable judgments and estimations. The consolidated financial statements for the Reporting Period have been prepared on a going-concern basis.

The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements of the Group prepared by the Board and to report their opinion to the Shareholders. A statement by the auditor about their reporting responsibilities is set out in the Independent Auditor’s Report of this annual report.

### Auditor’s Remuneration

During the Reporting Period, the fees paid/payable to Rongcheng (Hong Kong) CPA Limited for the audit of the consolidated financial statements of the Group is HK\$750,000.

No non-audit services were provided by Rongcheng (Hong Kong) CPA Limited to the Company for the Reporting Period.

## Risk Management and Internal Control

The Board is responsible for the risk management and internal control system of the Group and is responsible for reviewing its effectiveness on an annual basis.

The Group's internal control system is designed to safeguard assets against misappropriation and unauthorised disposition and to manage operational risks. These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. Internal control and risk management systems are reviewed annually to ensure its continuous effectiveness. The Group has in place a risk management framework which has the following five components: risk identification, risk assessment, risk treatment, risk reporting and risk monitoring.

The Company has outsourced the internal control auditing function as it is more cost-effective. During the Reporting Period, the Company engaged an external internal control consultant to conduct a review on the effectiveness of the Group's internal control system and report the findings to the Audit Committee and the Board. A review of the effectiveness of the Group's system of internal control covering all key controls, including financial, operational and compliance and risk management controls, is conducted by rotation and performed annually. The examination consisted of enquiry, discussion and validation through observation and inspection. The results of the review have been reported to the Audit Committee and the Board and areas of improvement, if any, have been identified and appropriate measures have been put in place to manage the risks. Based on the reports from the Group's external internal control consultant, the Audit Committee and the Board consider the Group's risk management and internal control system is adequate and effective and the Group has complied with the provisions on risk management and internal controls as set out in the CG Code during the Reporting Period.

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company:

- (i) is required to disclose inside information as soon as reasonably practicable in accordance with the requirements under the SFO and the Listing Rules;
- (ii) conducts its affairs with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission;
- (iii) has included in the code of conduct of the Company a strict prohibition on the unauthorised use of confidential or inside information; and
- (iv) ensures, through the Company's own internal reporting processes and the consideration of their outcome by senior management, the appropriate handling and dissemination of inside information.

The Board has reviewed the effectiveness of the risk management and internal control measures of the Group for the Reporting Period to ensure that a sound system is maintained and operated by the management in compliance with the agreed procedures and standards.

Based on the review performed, the Board is satisfied that the Group's risk management and internal control systems were effective and adequate during the Reporting Period.

# CORPORATE GOVERNANCE REPORT

## Whistle-Blowing Policy

To achieve and maintain the highest standards of openness, probity and accountability, the Company has adopted a whistle blowing policy that aims to govern and fairly address concerns raised by the Company's employees about any suspected misconduct or malpractice regarding financial reporting, internal control or other matters within the Company. The Audit Committee will review such policy annually and ensure that arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

The Audit Committee has reviewed such policy and is of the view that no incident of fraud or misconduct that has material effect on the Group's financial statements or overall operations during the Reporting Period has been discovered or identified.

## Anti-Corruption Policy

The Company has also established policies and systems that promote and support anti-corruption laws and regulations. We require our employees to follow our employee manual and code of business conduct and ethics, which contains internal rules and guidelines regarding best commercial practice, work ethics, prevention mechanisms for fraud, negligence and corruption. We also carry out regular on-the-job compliance training to our senior management and employees to maintain a healthy corporate culture and enhance their compliance perception and responsibility. Our staff can anonymously report any suspected corrupt incident to the Company.

The anti-corruption policy will be reviewed and updated by the Audit Committee periodically to align with the applicable laws and regulations in relation thereto. We were not aware of any anti-bribery incident by our employees in relation to our customers during the Reporting Period and up the date of this annual report.

## Board Diversity

The Company has adopted the Board Diversity Policy, which sets out the basic principles to be followed to ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance. Selection of Board candidates shall be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, cultural background, educational background, skills, knowledge, industry experience and professional experience.

The Nomination Committee will review the Board Diversity Policy and the measurable objectives at least annually, and as appropriate, make recommendations to the Board to ensure the continued effectiveness of the corporate governance of the Company.

## Gender Diversity

The Board currently has two female Directors and has achieved gender diversity in respect of the Board which complies with the requirements under Rule 13.92 of the Listing Rules. We will continue to strive to enhance female representation and achieve an appropriate balance of gender diversity with reference to the shareholders' expectation and international and local recommended best practices. We will also ensure that there is gender diversity when recruiting staff at mid to senior level and we are committed to provide career development opportunities for female staff so that we will have a pipeline of female senior management and potential successors to our Board in near future. As at December 31, 2025, the gender ratio of (1) senior management for male and female employees were 75% and 25%; and (2) the workforce (excluding senior management) for male and female employees were 79% and 21%, respectively.

The Company plans to offer all-rounded trainings to female employees whom we consider to have the suitable experience, skills and knowledge of our operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance and research and development.

### Joint Company Secretaries

Mr. Liu Lianchao (“**Mr. Liu**”) has been appointed as the joint company secretary since 8 May 2015. Mr. Liu is a full-time staff of the Group and is responsible for ensuring and advising the Board on compliance of all policies and procedures in connection with the applicable rules and regulations.

The Company has also engaged Ms. Yu Anne (“**Ms. Yu**”), an assistant manager of SWCS Corporate Services Group (Hong Kong) Limited, to act as a joint company secretary of the Company. Ms. Yu is responsible for assisting Mr. Liu in performing his duties as the joint company secretary of the Company. Mr. Liu is the primary point of contact of the Company for Ms. Yu.

For the year ended 31 December 2025, each of Mr. Liu and Ms. Yu has received not less than 15 hours of relevant professional training to update their knowledge and skills in compliance with Rule 3.29 of the Listing Rules.

The biographical details of Mr. Liu and Ms. Yu are set out under the section headed “Joint Secretaries” of this annual report.

### Dividend Policy

The Company has adopted a dividend policy (“**Dividend Policy**”) to ensure that the Board maintains an appropriate procedure on declaring and recommending the dividend payment of the Group. In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia, the following factors:

- the Company’s actual and expected financial performance;
- retained earnings and distributable reserves of the Company and each of the subsidiaries of the Company;
- the Group’s working capital requirements, capital expenditure requirements and future expansion plans;
- the Group’s liquidity position;
- general economic conditions, business cycle of the Group’s business and internal or external factors that may have an impact on the business, financial results and position of the Company; and
- other factors that the Board may deem appropriate and relevant.

Any declaration and payment as well as the amount of the final dividends requires the approval of the Shareholders, and is also subject to all relevant applicable laws, rules and regulations in the Cayman Islands and the Articles of Association. The Board will review the dividend policy from time to time and may exercise its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time as it deems fit and necessary. During the Reporting Period, the Board confirmed that the decisions related to dividend declaration were and shall be made in accordance with the Dividend Policy.

# CORPORATE GOVERNANCE REPORT

Save as disclosed above, please also refers to section “Final Dividend” on page 34 of this annual report.

## Shareholders’ Right

### Procedures for Shareholders to convene an Extraordinary General Meeting

- Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the “**Eligible Shareholder(s)**”) shall at all times have the right, by written requisition to the Board to require an extraordinary general meeting of the Company (“**Extraordinary General Meeting**”) to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at the Extraordinary General Meeting.
- Eligible Shareholders who wish to convene an Extraordinary General Meeting for the purpose of making proposals or moving a resolution at the Extraordinary General Meeting must deposit a written requisition (the “**Requisition**”) signed by the Eligible Shareholder(s) concerned to the principal place of business of the Company in Hong Kong at 40th Floor, Dah Sing Financial Centre, No. 248 Queen’s Road East, Wanchai, Hong Kong, for the attention of the Board.
- The Requisition must state clearly the name(s) of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) for convening an Extraordinary General Meeting, the agenda proposed to be included and the details of the business(es) proposed to be transacted in the Extraordinary General Meeting, signed by the Eligible Shareholder(s) concerned.
- The Company will check the Requisition and the identity and the shareholding of each Eligible Shareholder will be verified with the Company’s branch share registrar in Hong Kong. If the Requisition is found to be proper and in order, the company secretary will ask the Board to convene an Extraordinary General Meeting within 2 months and/or include the proposal or the resolution proposed by the Eligible Shareholder(s) at the Extraordinary General Meeting after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an Extraordinary General Meeting and/or include the proposal or the resolution proposed by the Eligible Shareholder(s) at the Extraordinary General Meeting.
- If within 21 days of the deposit of the Requisition the Board has not advised the Eligible Shareholder(s) of any outcome to the contrary and fails to proceed to convene such Extraordinary General Meeting, the Eligible Shareholder(s) himself/herself/themselves may do so in accordance with the Articles of Association, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

## Procedures for putting forward proposals at general meetings

There are no provisions allowing the Shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Act (as revised and amended from time to time). However, Shareholders who wish to propose resolutions may follow Article 58 of the Articles of Association to include a resolution at an Extraordinary General Meeting. The requirements and procedures are set out section headed “Procedures for Shareholders to convene an Extraordinary General Meeting” in this report.

Pursuant to Article 85 of the Articles of Association, no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Hong Kong Branch Share Registrar and Transfer Office provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the dispatch of the notice of the general meeting appointed for such election) the period for lodgement of such notice(s) shall commence on the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting. If a Shareholder wishes to propose a person (the “**Candidate**”) for election as a director of the Company at a general meeting, he/she shall deposit a written notice at the Company’s principal place of business in Hong Kong at 40th Floor, Dah Sing Financial Centre, No. 248 Queen’s Road East, Wanchai, Hong Kong or its Hong Kong Branch Share Registrar and Transfer Office at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. The written notice must include the personal information of the Candidate as required by Rule 13.51(2) of the Listing Rules.

The procedures for Shareholders to propose a person for election as director is published on the Company’s website.

## Shareholder and Investor Relations

The Company is committed to providing the Shareholders and other stakeholders (including potential investors) with balanced and understandable information about the Group. The Company adopted the shareholder communication policy requiring the use of various communication methods to ensure its Shareholders are kept well informed of key business imperatives. These include general meetings, annual reports, interim reports, various notices, announcements and circulars. To ensure all Shareholders timely access to important corporate information, the Company utilises its corporate website to disseminate to the Shareholders information such as announcements, circulars and annual and interim reports. Any information or documents of the Company posted on the Stock Exchange’s website (<https://www.hkexnews.hk>) are also published on the Company’s website (<https://www.china-denox.com>) under the section headed “Investor Relations”. Other corporate information about the Company’s business developments, goals and strategies, corporate governance and risk management are also available on the Company’s website.

The Company has reviewed the implementation and effectiveness of its shareholder communication policy during the Reporting Period and considered the current channels would be sufficient for the Company to communicate with the Shareholders. Thus, the shareholder communication policy has been effectively implemented.

The Board continues to maintain regular dialogue with institutional investors and analysts to keep them informed of the Group’s strategy, operations, management and plans.

## CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Company convened one annual general meeting and one extraordinary general meeting. The Company believes that the annual general meeting and other general meetings of the Company provide a useful forum for Shareholders (including institutional or public Shareholders) to exchange views with the Board. The Company provides Shareholders with relevant information on the resolution(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable Shareholders to make an informed decision on the proposed resolution(s). Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings. The chairlady of the Board and other Directors, the chairman/chairlady of board committees or their delegates, and the external auditors are available to answer Shareholders' questions at the general meetings of the Company. The chairman/chairlady of the independent board committee or his/her delegate is also available to answer questions at any general meeting and to approve a connected transaction or any other transaction that is subject to independent shareholders' approval. Shareholders may also put forward their written enquiries to the Board. In this regard, the Shareholders may send those enquiries or requests as mentioned to the following:

Address: Room 1506-1, 12th Floor, Block 2, No. 128 Western South Fourth Ring Road, Fengtai District, Beijing 100070, PRC  
Fax: +86 10 88580859  
Telephone: +86 10 88829058

The Company will keep records of major interactions and report them to the Board regularly, summarizing the concerns and suggestions of Shareholders and investors, and using them, where appropriate, to optimize the Company's corporate governance and information disclosure arrangements to maintain open, transparent and timely communication.

### **Constitutional Documents**

There was no change in the Company's constitutional documents during the Reporting Period. The latest version of the Company's Articles of Association is available on the websites of the Company (<https://www.china-denox.com>) and Stock Exchange (<https://www.hkexnews.hk>) respectively.

## Management Discussion and Analysis

### Principal Activities

The Company is an investment holding company with its principal subsidiaries engaged in design, development, manufacture and sales of denitration catalysts and other types of environmental protection catalysts in the PRC.

During the Reporting Period, there were no significant changes in the nature of the Group's principal activities.

## The Group's management analysis report for 2025 and outlook on the work for 2026

### I. WORK OVERVIEW OF THE GROUP FOR 2025

According to preliminary calculations by the National Bureau of Statistics of China, China's GDP reached RMB140.19 trillion in 2025, surpassing RMB140 trillion for the first time, and representing a year-on-year increase of 5.0%, with the growth rate remaining unchanged from the previous year. In 2025, the total social electricity consumption increased by 5.0% year-on-year, and the national accumulated installed capacity of power generation reached 3.89 billion kilowatts, representing an increase of 16.1% year-on-year. Specifically, installed capacity of solar power reached 1.2 billion kilowatts, representing a year-on-year increase of 35.4%; installed capacity of wind power reached 640 million kilowatts, representing a year-on-year increase of 22.9%; and installed capacity of thermal power reached 1.54 billion kilowatts, representing a year-on-year increase of 6.3%, with the proportion of thermal power further decreasing to 39.55% (44.14% in 2024). China's energy structure is undergoing rapid and irreversible changes. Under the national "carbon peak" and "carbon neutrality" energy strategy, the catalyst business related to traditional energy sector continues to face pressure, and the Group is striving to identify new opportunities within the context of this dual-carbon strategy.

#### (I) *Traditional plate-type and honey-comb DeNOx catalysts*

##### 1. *Current market situation*

###### (1) Power industry

The thermal power catalyst market continues to exhibit the intensely competitive landscape seen in recent years. The national installed capacity of thermal power has seen minimal growth, and its share of the total national installed power generation capacity is declining year by year. Currently, there is no trend indicating a further increase in the number of competing catalyst manufacturers. However, the competition for the existing market share has become fiercely intense. Coupled with a clear upward trend in raw material prices during the second half of the year, all participating catalyst manufacturers are generally facing a difficult situation.

###### (2) Other industrial sectors

Non-power industries, mainly including sectors such as metallurgy, cement, glass, and aluminum, have largely completed the installation of new denitrification catalysts, and subsequently competition will shift to the existing market, similar to that of the power industry. Additionally, there are several new growth areas for catalysts, primarily including:

- a) Relatively niche industrial sectors, including waste incineration, biomass power generation, and gas power generation, are also becoming drivers of growth in the denitrification catalyst market;

## DIRECTORS' REPORT

- b) In addition to denitrification catalysts, demand for carbon monoxide removal catalysts in the metallurgical industry, and NMHC removal catalysts and ammonia removal catalysts in the petrochemical industry, is also gradually increasing.

### 2. *The Group's key work*

(1) Marketing and sales efforts

In 2025, the Group completed catalyst technical solutions for more than 1,500 projects (basically flat compared to 2024), submitted nearly 400 official bids (basically flat compared to 2024) with customers such as power generation companies, local power plants and other industries, and entered into a total of over 180 supply contracts (an increase compared to 2024) throughout the year. Overall, the Group made further progress in marketing efforts in 2025.

Notable highlights of the Group's market development efforts in 2025 include:

- The Group has signed a dioxin removal catalyst supply contract, and the Company has delivered several successful dioxin removal projects, demonstrating the Company's technological expertise in catalyst solutions for the field;
- The Group's plate-type catalysts have achieved significant breakthroughs in overseas markets by securing multiple project orders, and the plate-type catalysts product quality has gained widespread recognition from international customers;
- The Group's plate-type catalysts have further occupied the market share in the industrial silicon field;
- The Group's corrugated plate-type catalysts have made progress in the waste-to-energy industry by signing contracts both domestically and overseas;
- The Group's honey-comb DeNOx catalysts have made a breakthrough in low-temperature, high-moisture projects;
- The Group has further expanded the application of its honey-comb DeNOx catalysts in waste liquid incinerators in the petrochemical industry;
- The Group has broken the record of zero performance in honey-comb carbon monoxide removal catalysts, further increasing its domestic market share;
- The Group has broken the record of zero performance in honey-comb DeNOx catalysts for black liquor recovery boilers; and
- The Group has broken the record of zero performance in plate-type DeNOx catalysts for high-arsenic pelletizing projects, and secured several orders.

(2) Product manufacturing

In 2025, the Group's total catalyst production continued to steadily increase from that of 2024. Particularly, honey-comb catalyst output continued to rise, plate-type catalyst output remained largely stable, newly added corrugated plate-type catalyst output was in a ramp-up phase, and the vehicle catalyst business continued to be marginalized. In 2025, the Group's safety production department further strengthened control over product manufacturing expenses and production costs. As a result, the overall unit production costs remained stable and controllable. The Group overall maintained a high level of production load and operating rate throughout the year.

(3) Carbon monoxide removal catalyst products

In 2025, the Group continued to place significant emphasis on carbon monoxide removal catalysts for the metallurgical industry, and achieved significant breakthroughs through joint efforts with external partners. Based on the delivery status to date, the overall performance of the carbon monoxide removal catalysts has been relatively stable. However, as the carbon monoxide removal catalysts market saw a significant increase in the second half of 2025, the Group's carbon monoxide removal catalyst products, as well as those from other manufacturers, have been operating at customer facilities for less than one year. Therefore, it is still too early to fully confirm the quality stability and whether the products meet the required lifecycles of customers. To date, the carbon monoxide removal catalysts, jointly developed and produced with external technical partners, have demonstrated relatively stable performance, laying a solid foundation for the Group to further develop in this business area.

## II. KEY WORK ARRANGEMENTS OF THE GROUP FOR 2026

### *(I) Key Business Initiatives of the Group*

1. Since the market is always the driving force for enterprise development, the Group will, as always, intensify its market development efforts, including:
  - (1) Divide the domestic market into distinct sales regions, solidify accountability, define clear targets, and continue to deepen the presence in traditional denitrification catalyst markets across all regions;
  - (2) Focus on high-value-added catalyst industries and continue monitoring the demand for denitrification catalysts in sectors such as waste-to-energy, black liquor recovery boilers, and petrochemicals.
  - (3) Strengthen communication and engagement with key major customers to maintain market share among existing key customers, while simultaneously acquiring new key customers and striving to achieve breakthroughs in performance with these new key customers.
  - (4) Enhance sales efforts for corrugated plate-type catalysts in both domestic and international markets, focus on promoting corrugated plate-type catalysts within the petrochemical sector and waste incineration projects, and assign dedicated personnel to liaise with key customers, striving for greater breakthroughs in the sales of corrugated plate-type catalysts.

## DIRECTORS' REPORT

- (5) Vigorously strengthen the market expansion for carbon monoxide removal catalysts, and seize the valuable time window presented by the market's concentrated surge to thoroughly survey customer information across all regions. Based on the market experience gained in 2025, the Group will enhance comprehensive cooperation with general contractors. By leveraging the general contractors' familiarity with end-users and their financial strengths, the Group will guide end-users towards adopting carbon monoxide removal catalysts to reduce energy consumption, conserve energy, and generate benefits.
  - (6) In 2026, the Group plans to continue intensifying its product sales efforts in overseas markets, striving to build on the achievements of 2025 to make further breakthroughs in both the variety of catalyst products and sales revenue.
2. Continue to strengthen joint research and development efforts with external technical forces on new catalyst products such as industrial HCN removal catalysts and deammoniation catalysts, while enhancing market tracking, understanding, and promotional efforts including market trials.
  3. Solidify the Group's capability to control manufacturing costs and expenses for mature products, promptly intensify cost-reduction efforts for the Group's new products, and mitigate operational pressures arising from potential raw material price increases as much as possible through controlling various manufacturing expenses, striving to stabilize the Group's product gross profit margin.
  4. Since the Group's carbon monoxide removal catalyst utilizes a precious metal-based approach, the price of precious metal significantly impacts the product gross profit margin. Coupled with potential upward trends in other raw material prices, the Group must strengthen its ability to analyze and forecast raw material price trends, striving to control the procurement costs of bulk raw materials.

### **(II) Other key work of the Group**

In 2026, the Group will further strengthen its operations and management, mainly including:

1. Continue to improve the Group's operational planning, financial budgeting and final accounts, capital management, and accounts receivable collection to further enhance the Group's operational management ability.
2. Continuously optimize the compensation system, dynamically assess its alignment with the Group's business development, and ensure the system's fairness and equity to motivate employees' work enthusiasm, thereby translating it into the improved operational performance.
3. While the Group's business operations show an improving trend, strengthen efforts in areas such as listing maintenance, internal control management, and investor relations maintenance. Following the adoption of a share option scheme for its core employees in 2025, the Group will strive to achieve the profit targets set forth in the share option scheme, and endeavor to gain recognition from the capital market for its operations while enabling core employees to exercise their share options and receive returns.

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Revenue from contracts with customers

The following table sets forth revenue generated from sales of plate-type DeNOx catalysts, honey-comb DeNOx catalysts and DeNOx catalysts for vehicles in absolute amount and as percentages of total revenue for the years indicated:

	2025		2024	
	RMB'000	%	RMB'000	%
Plate-type DeNOx catalysts	64,825	34.3	53,493	49.1
Honey-comb DeNOx catalysts	121,543	64.2	49,794	45.7
DeNOx catalysts for vehicles	2,888	1.5	5,676	5.2
<b>Total</b>	<b>189,256</b>	<b>100.0</b>	108,963	100.0

The Group recorded a total revenue of approximately RMB189.3 million for the Reporting Period, representing a substantial increase of 73.7% as compared to approximately RMB109.0 million for the same period in 2024.

**Plate-type DeNOx catalysts**

Revenue generated from sales of plate-type DeNOx catalysts increased to approximately RMB64.8 million for the Reporting Period, representing an increase of 21.1% as compared to approximately RMB53.5 million for the same period in 2024, which was primarily attributable to the increase in average selling price of plate-type DeNOx catalysts during the Reporting Period. The average selling price of plate-type DeNOx catalysts per cubic metres ("m<sup>3</sup>") increase by approximately 11.6% from RMB10,968 per m<sup>3</sup> in 2024 to RMB12,245 per m<sup>3</sup> for the Reporting Period, while the sales volume of plate-type DeNOx catalysts decrease by approximately 3.3% from 5,472 m<sup>3</sup> in 2024 to 5,294 m<sup>3</sup> for the Reporting Period. The plate-type DeNOx catalysts market was mainly derived from power plants, steel plants, cement plants, etc.

**Honey-comb DeNOx catalysts**

Revenue generated from sales of honey-comb DeNOx catalysts increased by 144.0% from approximately RMB49.8 million for the same period in 2024 to approximately RMB121.5 million for the Reporting Period, which was primarily due to the increase in sales volume of honey-comb DeNOx catalysts during the Reporting Period. The average selling price of honey-comb DeNOx catalysts per m<sup>3</sup> decrease by approximately 5.9% from RMB14,441 per m<sup>3</sup> in 2024 to RMB13,591 per m<sup>3</sup> for the Reporting Period, and the sales volume of honey-comb catalysts increased by approximately 156.9% from 3,481 m<sup>3</sup> in 2024 to 8,942 m<sup>3</sup> for the Reporting Period. The honey-comb DeNOx catalysts market was mainly derived from power plants, steel plants, cement plants, etc.

# DIRECTORS' REPORT

## ***DeNOx catalysts for vehicles***

During the Reporting Period, the Group recorded revenue from sales of DeNOx catalysts for vehicles of approximately RMB2.9 million which represented a decrease of 49.1% as compared with the revenue of approximately RMB5.7million for the same period in 2024. The significant decrease in the revenue from DeNOx catalysts for vehicles as compared to the same period in 2024 was primarily due to the significant decrease in sales orders of vehicle catalysts.

## **Gross profit**

During the Reporting Period, the Group recorded a gross profit of approximately RMB46.6 million representing an increase of 69.5% as compared to the same period in 2024 primarily attributable to increased production of catalyst products, process enhancements and formula optimisation.

## **Selling and marketing expenses**

Selling and marketing expenses primarily consist of transportation cost, consulting service expenses and employee benefit expenses, etc. The Group's sales and marketing expenses increase for the Reporting Period as compared to the same period in 2024, mainly due to the increased marketing efforts in promoting our products to overseas markets, representing 26.6% and 17.0% of the Group's total revenue from contracts with customers in 2024 and 2025, respectively.

## **Administrative expenses**

Administrative expenses mainly consist of employee benefit expenses, depreciation and amortisation and professional fees. The Group's administrative expenses decreased by 24.2% from approximately RMB26.4 million in 2024 to approximately RMB20.0 million for the Reporting Period which was primarily attributable to decrease in bonuses paid to senior management, share issuance expenses.

## **Finance income/(costs)**

Finance income includes interest income on bank balances and bank deposits with original maturity over three months. Finance costs includes interest expenses on lease liabilities, borrowing and bill receivables. The Group recorded net finance income of approximately RMB1.5 million for the Reporting Period as compared to approximately RMB0.9 million in the same period in 2024.

## **Loss attributable to owners of the Company**

As a result of the foregoing and an impairment loss recognised for property, plant and equipment, the loss attributable to owners of the Company decreased by 53.9% from approximately RMB37.3 million in 2024 to approximately RMB17.2 million for the Reporting Period.

## Other performance indicators

The following table sets forth other performance indicators of the Group as at the dates or for the years indicated:

	As at or for the year ended	
	31 December	
	2025	2024
Current Ratio ( <i>Note 1</i> )	<b>1.2 times</b>	1.3 times
Quick Ratio ( <i>Note 2</i> )	<b>0.3 times</b>	0.3 times
Return on equity ( <i>Note 3</i> )	<b>N/A</b>	N/A
Return on total assets ( <i>Note 4</i> )	<b>N/A</b>	N/A

### Notes:

- (1) Current ratio is calculated based on total current assets of the Group divided by total current liabilities of the Group as at the end of the respective year.
- (2) Quick ratio is calculated based on total current assets of the Group less inventories of the Group divided by total current liabilities of the Group as at the end of the respective year.
- (3) Return on equity is calculated by dividing profit attributable to owners of the Company for the year by the arithmetic mean of the opening and closing balance of total equity attributable to owners of the Company.
- (4) Return on total assets is calculated by dividing profit attributable to owners of the Company for the year by the arithmetic mean of the opening and closing balance of total assets of the Group.

## Current ratio and quick ratio

The Group's current ratio decreased from 1.3 times as at 31 December 2024 to 1.2 times as at 31 December 2025 and quick ratio remained stable at 0.3 times as at 31 December 2025 and 2024. Such decrease was mainly due to the increase in down payment from customers of approximately RMB238.5 million as at 31 December 2024 to approximately RMB328.6 million as at 31 December 2025.

## Return on equity and return on total assets

The Group did not record a return on equity and return on total assets in 2024 and 2025, as it has recorded a loss attributable to owners of the Company for the years ended 31 December 2024 and 2025.

## Liquidity and Capital Resources

The Group's financial position remains solid and the Group possessed sufficient financial resources to meet its commitments and working capital requirements in the foreseeable future. As at 31 December 2025, the Group had net current assets of approximately RMB78.6 million (2024: RMB90.1 million) of which cash and cash equivalents were approximately RMB30.9 million (2024: RMB18.1 million) and were denominated in Euro, Hong Kong Dollars, RMB, Macau Pataca ("MOP") and United States Dollars as at 31 December 2025.

## Gearing Ratio

Our gearing ratio which is calculated by total borrowings divided by total assets was 1.5% as of 31 December 2025 (2024: 2.7%). The decrease in gearing ratio was mainly due to decrease in bank borrowings.

# DIRECTORS' REPORT

## Use of net proceeds from the Listing

As at 31 December 2025, the remaining balance of the unutilised amount of net proceeds from the listing (the "Listing") of the shares (the "Shares") of the Company on the Stock Exchange on 12 November 2015 of approximately RMB2.7 million were re-allocated from purpose of research and development of the Group to working capital and general corporate purposes of the Group. After the Listing, a part of these net proceeds have been applied according to the section headed "Use of proceeds" of the prospectus of the Company dated 30 October 2015, taking into account the reallocations as set out in the announcements of the Company dated 28 December 2020, 28 December 2022 and 25 June 2025 respectively.

Purposes	Original	Re-allocation	Re-allocation	Remaining	Remaining	Re-allocation	Utilized net	Remaining	Expected
	allocation of net proceeds as stated in the Prospectus	of net proceeds on 28 December 2020	of net proceeds on 28 December 2022	balance of the unutilized net proceeds as at 31 December 2024	balance of the unutilized net proceeds as at 25 June 2025	of net Proceeds on 25 June 2025	Proceed during the Reporting Period	balance of the unutilized net proceeds as at 31 December 2025	timeline for fully utilization of the remaining net proceeds
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	(Note 2)
Development of DeNOx catalysts for diesel-powered vehicles	78.6	78.6	75.1	-	-	-	-	-	N/A
Acquisition of potential target companies in the Group's industry that can help to expand the Group's market coverage or key raw material suppliers	46.2	21.9	21.9	-	-	-	-	-	N/A
Research and development	17.1	17.1	33.2	10.7	10.6	(10.6)	0.1	-	N/A
Expansion of the Group's sales network and establishment of the Group's regional sales offices in China as well as Europe	6.9	6.9	5.9	-	-	-	-	-	N/A
Replacement of the Group's No. 1 production line	5.1	3.5	3.5	-	-	-	-	-	N/A
Working capital and general corporate purposes	17.1	43	31.4	0.6	-	10.6	8.5	2.7	Fourth quarter of 2027
<b>Total</b>	<b>171</b>	<b>171</b>	<b>171</b>	<b>11.3</b>	<b>10.6</b>	<b>-</b>	<b>8.6</b>	<b>2.7</b>	

*Note 1:* The utilisation of the net proceeds and the use of net proceeds for the remaining balance of the unutilised net proceeds from the Listing was updated. For details, please refer to the announcements of the Company dated 28 December 2020, 28 December 2022 and 25 June 2025 respectively.

*Note 2:* The expected timeline for fully utilising the remaining balance of the unutilised net proceeds was based on the best estimation of the future market conditions made by the Group. It would be subject to change based on the current and future development of market conditions and has been updated to the fourth quarter of 2027.

## **Borrowings**

The Group has outstanding borrowings carried interest of fixed rate at approximately RMB7.6 million as at 31 December 2025 (2024: RMB11.7 million).

## **Pledge of Assets**

As of 31 December 2025, the Group has pledged certain machineries with the net carrying amount of approximately RMB5.1 million (2024: RMB8.8 million) and certain land and property with net carrying amount of Nil (2024: RMB11.6 million).

## **Capital expenditures**

The Group incurred capital expenditures to expand its operations, maintain its equipment and increase its operational efficiency. During the Reporting Period, the Group had invested approximately RMB5.7 million (2024: RMB8.5 million) for the purchase of property, plant and equipment. These capital expenditures were financed by internal resources of the Group.

## **Capital commitment**

As at 31 December 2025, the Group had capital commitment amounting to approximately RMB1.4 million (2024: RMB1.4 million) for capital contribution to an associate company, Langfang Denox Environmental & Technology Co., Ltd., which is principally engaged in development and manufacture of DeNOx catalysts for vehicles.

As at 31 December 2025, the Group had capital commitment for acquisition of property, plant and equipment amounting to approximately RMB2.1 million (2024: RMB2.8 million).

## **Contingent liabilities**

The Group did not have any material contingent liabilities, guarantees and litigation as at 31 December 2024 and 2025.

## **Significant investments held, material acquisitions and disposals of subsidiaries, associates and joint ventures, and future plans for material investments or capital assets**

Save as disclosed, there were no significant investments held (including any investment in an investee company with a value of 5% or more of the Company's total assets as at 31 December 2025), no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

There were no future plans authorised by the Board for other material investments or additions of capital assets of the Group during the Reporting Period.

# DIRECTORS' REPORT

## Employees and Remuneration Policy

As at 31 December 2025, the Group had 189 employees (2024: 184 employees). The majority of our employees are based in the PRC. Remuneration policies are reviewed regularly to ensure that the Group is offering competitive employment packages to employees. Remuneration of the Group's employees includes salaries, pension, discretionary bonus, medical insurance scheme and other applicable social insurance. The Group's remuneration policy for the Directors, senior management and employees are based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the profit performance of the Group and the individual performance of the Directors, senior management members and employees.

Further, upon the expiry of the 2015 Share Option Scheme, the Company adopted the 2025 Share Option Scheme. For further information of the 2025 Share Option Scheme, please refer to the Company's announcement dated 19 November 2005, and the circular dated 25 November 2025. As the growth of the Group is dependent upon the skills and dedication of employees, the Group recognises the importance of human resources in competitive industry and has devoted resources to training employees. The Group has established an annual training program for its employees so that new employees can master the basic skills required to perform their functions and existing employees can upgrade or improve their production skills.

## Events after the Reporting Period

Subsequent to 31 December 2025, the grant of share options took place on 5 January 2026 in which the Group agreed to offer 28,826,468 share options to 2 executive Directors and 40 employees of the Group at the subscription price of HK\$0.1154 per share under the 2025 Share Option Scheme. For details, please refer to the Company's announcement dated 5 January 2026.

Moreover, the exclusivity license agreement and the technical support framework agreement took place on 11 February 2026 in which Hainan Botuo Technology Company Limited\* (海南博拓科技有限公司), wholly-owned by Mr. Chen Qizhao, who is the son of Ms. Zhao Shu, the executive Director, agreed to grant the exclusive user right, pre-emption right and technical support services for the manufacture of HB DeCO Catalysts in consideration of both license fee and service and performance fee from the effective date of the agreement to 31 December 2028 in accordance with the terms and conditions of both exclusivity license and technical support agreement. For details, please refer to the Company's announcement dated 11 February 2026 and the Company's circular of the dated 17 March 2026.

Saved from the above disclosed, the Board is not aware of any other important event affecting the Group that have taken place subsequent to 31 December 2025 and up to the date of this annual report.

## Principal Risks and Uncertainties

The Group's business, financial condition, results of operations and prospects may be affected by a number of risks and uncertainties.

The following section lists out the principal risks and uncertainties identified by the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the principal risk areas outlined below which are not presently known to the Group, or that the Group currently deems to be immaterial but could turn out to be material in the future.

### ***Risks pertaining to the market price of plate-type DeNOx catalysts***

The average selling price of plate-type DeNOx catalysts per m<sup>3</sup> has experienced a drop from RMB25,080 per m<sup>3</sup> in 2014 to RMB12,245 per m<sup>3</sup> in 2025 due to market vicious competition. To compete effectively and maintain the Group's market share, the Group has reduced its selling prices. The Group's business and revenue growth is dependent on favourable market conditions in the PRC and therefore any potential decline in selling prices in the PRC could have a material adverse effect on its business, results of operations and financial condition.

### ***Risks pertaining to the reliance on the major customers***

The customer base of the Group is highly concentrated. Most of its customers are major coal-fired power plants, DeNOx EPC service providers and boiler manufacturers. For the year ended 31 December 2025, sales to the largest customer and five largest customers of the Group, which are the large state-owned power generation groups in China in aggregate amounted for approximately 8.9% and 27.2% of the Group's total revenue, respectively. Failure to maintain relationships with its major customers, adverse change in their business, investment strategies and/or reduction in the growth rate of their investment in DeNOx equipment may pose an adverse significant impact on the Group's business, financial conditions or results of operations.

### ***Foreign exchange risk***

The Group mainly operates in the PRC with most of the transactions originally denominated and settled in RMB, of which foreign exchange risk is considered insignificant. The Group is exposed to foreign exchange risk primarily relating to certain of its bank deposits which were denominated in Euro, Hong Kong Dollars, MOP and United States Dollars. The Group did not carry out any hedging activities against foreign currency risk during the Reporting Period. Any substantial fluctuation in the exchange rate of foreign currencies against RMB may have a financial impact to the Group. The Group believes that the Group have sufficient foreign currencies to meet its foreign exchange needs and will take effective measures to prevent foreign exchange risks should the need arise.

## **Compliance with Laws and Regulations**

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations, particularly, those that have significant impact on the Group. The Audit Committee is delegated by the Board to monitor the Group's policies and practices on compliance with legal and regulatory requirements and such policies are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of the relevant employees and relevant operation units from time to time.

The Board also paid attention to the Group's policies and practices on compliance with legal and regulatory requirements. The Group would seek professional legal advice from its legal advisers to ensure transactions and business to be performed by the Group are in compliance with the applicable laws, rules and regulations.

The Group's operations are mainly carried out by the Company's subsidiaries in the PRC while the Company itself is listed on the Stock Exchange. As far as the Company is aware, the Group has complied in material aspects with the relevant laws, rules and regulations which have a significant impact on the business and operations of the Group during the Reporting Period.

# DIRECTORS' REPORT

## Key Relationships with the Group's Employees, Customers and Suppliers

### *Workplace Quality*

The Group is an equal opportunity employer and does not discriminate on the basis of personal characteristics. With an aim to enhancing the quality of the Board's performance by diversity, the Board Diversity Policy was adopted in October 2015. Details of such Board Diversity Policy are set out in the corporate governance report. Further, the Group has employee handbooks outlining terms and conditions of employment, expectations for employees' conduct and behaviour, employees' rights and benefits. The Group establishes and implements policies that promote a harmonious and respectful workplace.

The Company believes that the Directors, senior management and employees are instrumental to the success of the Group and that their industry knowledge and understanding of the market will enable the Group to maintain the competitiveness in the market. As such, the 2025 Share Option Scheme was adopted by the Company for the purpose of providing incentives and rewards to eligible participants who contributed to the success of the Group's operations. The Group provides on-the-job training and development opportunities to enhance its employees' career progression. Through different trainings, staff's professional knowledge in corporate operations, occupational and management skills are enhanced. The Group also organised charitable and staff-friendly activities for employees, such as annual dinner, to promote staff relationship. The Group provides a safe, effective and congenial working environment. Adequate arrangements, training, and guidelines are implemented to ensure the working environment is healthy and safe. The Group also provides health and safety communications for employees to present the relevant information and raise awareness of occupational health and safety issues.

The Group values the health and well-being of its staff. In order to provide employees with health coverage, its employees are entitled to medical insurance benefits.

### Relationships with the Group's other stakeholders

The Group maintains good relationships with existing and potential customers (including the major customers) as understanding the market trends would enable the Group to monitor and respond to change in a timely manner, which are crucial to the development and success of the Group.

## Results and Appropriations

The results of the Group for the Reporting Period are set out in the accompanying financial statements on page 163.

### Final Dividend

The Board does not recommend the payment of a final dividend for the Reporting Period (2024: Nil), in order to retain funds to support the Group's ongoing research and development activities and general business needs.

### Closure of Register of Members

For determining the entitlement of the Shareholders to attend and vote at the Annual General Meeting to be held on Thursday, 18 June 2026, the register of members of the Company will be closed from Monday, 15 June 2026 to Thursday, 18 June 2026, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfers documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Friday, 12 June 2026.

## Financial Summary

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years is set out on page 230.

## Property, Plant and Equipment

Details of the movements in property, plant and equipment during the Reporting Period are set out in note 17 to the consolidated financial statements.

## Share Capital

Details of the share capital of the Group and the Company are set out in the section headed "Consolidated Statement of Changes in Equity" of this annual report and note 31 to the consolidated financial statements.

## Major Customers and Suppliers

For the year ended 31 December 2025, the aggregate sales attributable to the largest customer and the five largest customers of the Group accounted for approximately 8.9% and 27.2% of the Group's aggregate revenue respectively, while the aggregate purchases attributable to the largest supplier and the five largest suppliers of the Group accounted for approximately 17.9% and 40.8% of the Group's aggregate purchases respectively.

None of the Directors, their close associates or any Shareholder (whom to the knowledge of the Directors owns more than 5% of the total number of the issued Shares) had any interests in the Group's five largest customers or suppliers.

## Treasury Policy

The Directors will continue to follow a prudent policy in managing the Group's cash and maintaining a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

## Share Option Scheme

### a. 2015 Share Option Scheme

The 2015 Share Option Scheme was adopted by the Company pursuant to the resolutions of the Shareholders on 14 October 2015 which expired on 13 October 2025 and no further options can be granted thereunder. Therefore, the number of options available for grant under the 2015 Share Option Scheme was 49,403,700 as at 1 January 2025 and as at 31 December 2025 respectively.

No share option has been granted, exercised, cancelled or lapsed during the Reporting Period. As at 31 December 2025 and the date of this Report, nil option share was outstanding under the 2015 Share Option Scheme.

### b. 2025 Share Option Scheme

In view of the expiration of the 2015 Share Option Scheme, on 15 December, 2025, the Company adopted the 2025 Share Option Scheme whereby the Board may, at its discretion, offer to grant an option to subscribe for such number of new Shares to the Director(s) and employee(s) of the Group (the "**Eligible Participants**") as described in the 2025 Share Option Scheme to attract and retain the best available and high calibre personnel of the Group, to provide additional incentives to the Eligible Participants and to promote the overall success of the business of the Group. An option may be accepted by an Eligible Participant not later than 21 days after the date on which such option is offered in writing to such Eligible Participant. Upon acceptance of the

## DIRECTORS' REPORT

option, the grantee shall pay HK\$1 to the Company by way of consideration for the grant. Details of the 2025 Share Option Scheme are set out below:

**(a) *Maximum number of Shares available for issue***

The maximum number of Shares in respect of which options may be granted under the 2025 Share Option Scheme must not in aggregate exceed 59,284,440 Shares, representing 10% of the total number of issued Shares as at the date of approval of 2025 Share Option Scheme. Subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may: (i) renew this limit at any time to 10% of the Shares in issue as of the date of the approval by the Shareholders in general meeting; and/or (ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board. As at the date of this report, the total number of shares available for issue under 2025 Share Option Scheme was 30,457,972 Shares, representing approximately 5.14% of the total number of Shares in issue.

**(b) *Maximum number of options to each Eligible Participant***

Where any grant of options to an Eligible Participant would result in the Shares issued and to be issued (including any treasury Shares which may be transferred, as applicable) in respect of all options and awards granted to such Eligible Participant (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) in the twelve (12)-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue (excluding treasury Shares), such grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his/her close associates (or associates if the Eligible Participant is a connected person) abstaining from voting.

**(c) *Subscription Price of Shares***

The subscription price of a Share in respect of any particular option granted under the 2025 Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of: (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.

**(d) *Granting options to connected persons***

Any grant of options to a Director, chief executive or substantial Shareholder of the Company or any of their respective associates is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options or whose associate is the proposed Grantee of an Option).

If the Board proposes to grant options to a substantial Shareholder or any independent non-executive Director or their respective associates which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant,

representing in aggregate over 0.1% or such other percentage as may be from time to time provided under the Listing Rules of the Shares in issue (excluding treasury shares, if any), such further grant of options will be subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting by way of a poll at with such Grantee, his/her associates and all core connected persons of the Company abstaining from voting in favour of the proposed grant at such general meeting and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

**(e) *Time of exercise of Option and duration of the Share Option Scheme***

An option may be exercised in accordance with the terms of the 2025 Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from 15 December 2025. The remaining life of the Share Option Scheme is approximately 9 years and 9 months as at the date of this report.

**(f) *Details of any options granted, exercised, canceled or lapsed under the Share Option Scheme***

During the Reporting Period, no share options have been granted, exercised, canceled or lapsed under the 2025 Share Option Scheme. Therefore, the number of options available for grant under the 2025 Share Option Scheme was 59,284,440 as at 15 December 2025 and 31 December 2025 respectively.

## Directors

The Directors during the Reporting Period and up to the date of this annual report were:

### Executive Directors

Ms. ZHAO Shu (*Chairlady*)

Mr. LI Ke

### Non-executive Director

Mr. LI Xingwu

### Independent non-executive Directors

Ms. CHAN Yeuk Wa

Mr. ONG Chor Wei

Dr. WANG Xueqian

Biographical details of the Directors and senior management of the Group are set forth in the section headed "Directors and Senior Management" of this annual report.

## DIRECTORS' REPORT

In accordance with Article 84(1) of the Articles of Association, one-third of the Directors for the time being shall retire from their offices by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. As such, Mr. Li Xingwu and Mr. Ong Chor Wei shall retire by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting.

As at 31 December 2025, Mr. Ong Chor Wei, an independent non-executive Director, had served on the Board for more than nine years since his appointment in October 2015. Having considered the factors set out in Rule 3.13 of the Listing Rules and his annual confirmation of independence, the Board, with the recommendation of the Nomination Committee, is satisfied that his long tenure has not affected his independence or independent judgement and considered that his continued appointment to be in the interests of the Company and the Shareholders as a whole.

### Changes to Information of Director

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of Directors and chief executives of the Company subsequent to the publication of the 2025 interim report of the Company and up to the date of this annual report are set out below:

#### **Ms. Chan Yeuk Wa (陳躍華女士)**

With effect from November 2025, Ms. Chan has been appointed as an independent director of Shandong Zhuochuang Information Co., Ltd. (山東卓創資訊股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 301299) and whose H shares have applied for listing on the Stock Exchange.

With effect from March 2026, Ms. Chan has been appointed as an independent non-executive director of Ningbo Tuopu Group Co., Ltd. (寧波拓普集團股份有限公司), a company incorporated in the People's Republic of China and whose H shares have applied for listing on the Stock Exchange.

#### **Mr. Ong Chor Wei (王祖偉先生)**

With effect from 10 February 2026, Mr. Ong has been appointed as a non-executive director of Zhong Jia Guo Xin Holdings Company Limited (stock code: 899), a company listed on the Main Board of the Stock Exchange.

Save as disclosed above and in this annual report, the Company is not aware of any changes in the information of our Directors that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Please refer to the section headed "Directors and Senior Management" on pages 44 to 47 of this annual report for the updated biographical details of the Directors.

### Confirmation of Independence

The Company has received, from each of the independent non-executive Directors, a confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors to be independent as at 31 December 2025 and up to the date of this annual report.

### Directors' Service Contracts

All executive Directors have entered into service contracts with the Company for an initial term of three years from the date of his/her appointment until terminated in accordance with the terms of the service contracts. All non-executive Directors (including the independent non-executive Directors) have signed a letter of appointment with the Company with no specific term from the date of his/her appointment until terminated in accordance with the terms of the letter of appointment. Under the service contracts or letter of appointment, either party may terminate such service contract or letter of appointment at any time by giving the other not less than three months or one month's notice in writing (where applicable).

None of the Directors has a service contract or letter of appointment with the Company which is not determinable by our Group within one year without payment of compensation (other than statutory compensation).

## Retirement Benefit Plans

The Group operates a mandatory provident fund scheme (the “**MPF Scheme**”) in Hong Kong. The Group also participates in an employee social insurance plan as required by the regulations in the PRC, under which the Group is required to contribute a specific percentage of the salaries of its employees to the retirement scheme, and the level of contributions are not reduced by contributions forfeited by those who leave the plans prior to vesting fully in the contributions. Details of the retirement benefit plans of the Group are set out in note 34 to the consolidated financial statements.

## Directors' and Chief Executive's Interests in Shares, Underlying Shares and Debentures

As at 31 December 2025, the interests and short positions of the Directors and 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, which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and chief executive of the Company were taken or deemed to have under such provisions of the SFO, or which are recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Directors	Capacity/Nature of Interest	Number of Shares held (Note 1)	Approximate percentage of shareholding (Note 2)
Ms. Zhao	Beneficial owner	24,612,477 (L)	4.15%
	Interest in controlled corporation (Note 3)	251,839,009 (L)	42.48%
Mr. Li Xingwu (“ <b>Mr. Li</b> ”)	Interest in controlled corporation (Note 4)	51,075,015 (L)	8.62%
Mr. Li Ke	Interest in controlled corporation (Note 5)	2,962,474 (L)	0.50%

### Notes:

- The letter “L” denotes the person’s long position in the Shares.
- The percentages are calculated based on 592,844,400 Shares in issue as at 31 December 2025.
- These 251,839,009 Shares are held by Advant Performance Limited which is wholly owned by Ms. Zhao. Ms. Zhao is deemed to be interested in these Shares by virtue of the SFO.
- These 51,075,015 Shares are held by EEC Technology Limited which is wholly owned by Mr. Li. Mr. Li is deemed to be interested in these Shares by virtue of the SFO.
- These 2,962,474 Shares are held by Fine Treasure Asia Holdings Limited which is wholly owned by Mr. Li Ke. Mr. Li Ke is deemed to be interested in these Shares by virtue of the SFO.

## DIRECTORS' REPORT

Save as disclosed above, as at 31 December 2025, none of the Directors or chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or were recorded in the register required to be kept pursuant to section 352 of the SFO, or is otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### Substantial Shareholders' Interests in Securities

As at 31 December 2025, so far as the Directors were aware of, the following persons' (other than the Directors and chief executive of the Company) or entities had interests or short position in the Shares and underlying Shares or debentures of the Company, being interests of 5% or more, as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name of Substantial Shareholder	Capacity / Nature of Interest	Number of Shares held (Note 1)	Approximate percentage of shareholding (Note 2)
Advant Performance Limited	Beneficial owner	251,839,009 (L)	42.48%
EEC Technology Limited	Beneficial owner	51,075,015 (L)	8.62%

Notes:

1. The letter "L" denotes the person's long position in the Shares.
2. The percentages are calculated based on the 592,844,400 Shares in issue as at 31 December 2025.

Save as disclosed above, as at 31 December 2025, the Directors were not aware of any other person (other than the Directors or chief executive of the Company) or entities having an interest or short position in the Shares and underlying Shares or debentures of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

### Equity Linked Agreements

Save as disclosed in the section headed "Share Option Scheme" in this annual report, no equity linked agreements were entered into during or subsisted at the end of the year ended 31 December 2025 and up to the date of this annual report.

### Finance Lease Agreement

On 29 May 2025, Maxwealth Financial Leasing Co., Ltd.\* (永赢金融租賃有限公司), a wholly-owned subsidiary of Bank of Ningbo Co., Ltd.\* (寧波銀行), as lessor has entered into a finance lease agreement (the "**Finance Lease Agreement**") with Beijing Denox Environmental & Technology Co., Ltd.\* (北京迪諾斯環保科技有限公司), an indirect wholly owned subsidiary of the Company, as lessee, pursuant to which (i) the lessee has agreed to sell the leased assets to the lessor at a consideration of RMB10,000,000 (equivalent to approximately HK\$11,144,000); and (ii) the lessor has agreed to leaseback the leased assets to the lessee for a term of 36 months for a total lease payment of RMB10,886,768 (equivalent to approximately HK\$12,132,214).

The transaction constituted a discloseable transaction under Chapter 14 of the Listing Rules and was subject to the reporting and announcement requirements. Due to an inadvertent oversight and the mistaken belief that the Finance Lease Agreement was merely a renewal of a previous finance lease agreement with the same counterparty, the Company did not conduct the relevant size tests at the material time and failed to publish the requisite announcement within the prescribed timeframe. The Company has subsequently published an announcement on 9 September 2025 to rectify the non compliance.

The Group has since enhanced its internal controls and compliance procedures over the identification, assessment and reporting of notifiable transactions, including strengthened monitoring by the finance department, additional training for Directors and relevant personnel on the Listing Rules requirements and the adoption of more robust internal escalation and review mechanisms, with a view to preventing recurrence of similar incidents.

For further details, please refer to the Company's announcement dated 9 September 2025.

### Directors' Right to Acquire Shares or Debentures

Save for the Share Option Scheme as disclosed on pages 35 to 37 of this annual report, at no time during the year ended 31 December 2025 was the Company, its subsidiaries, holding companies or fellow subsidiaries a party to any arrangements to enable Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### 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 Reporting Period.

### Directors' Interests in Transactions, Arrangements and Contracts of Significance

No transactions, arrangements or contract of significance to which the Company, its holding company, or any of its subsidiaries was a party and in which a Director or his/her connected entity had a material interest, whether directly or indirectly, subsisted at any time during the Reporting Period.

### Controlling Shareholders' Interests in Contracts of Significance

No contracts of significance between the controlling shareholder of the Company or any of its subsidiaries and the Group had been entered during the Reporting Period.

### Permitted Indemnity Provision

Under the Articles of Association, every Director or other officers of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified against all actions, costs, charges, losses, damages and expenses which he/she may incur or sustain in or about the execution of his/her duties in his/her office. The Company has arranged appropriate insurance coverage in respect of legal action against its Directors and officers.

### Competing Business of the Controlling Shareholders

A deed of non-competition dated 25 October 2015 (the "**Deed of Non-Competition**") was entered into between the Company and the controlling shareholders, namely Ms. Zhao Shu and Advant Performance Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Ms. Zhao Shu, who have undertaken to the Company that she/it would not, and would procure her/its close associates (other than members of the Group) not to directly or indirectly be involved in or undertake any business (other than the Group's business) that directly or indirectly, competes, or may compete, with the Group's business or undertaking, or hold shares or interest in any companies or business that compete directly or indirectly with the business engaged by the Group from time to time, unless otherwise permitted according to the Deed of Non-Competition. The Company has received an annual written confirmation from each of the controlling shareholders in respect of the compliance by them and their close associates with the Deed of Non-Competition.

Each of Ms. Zhao Shu and Advant Performance Limited, the controlling shareholders (within the meaning of the Listing Rules), has confirmed to the Company that each of them and its close associates has complied with the non-compete

## DIRECTORS' REPORT

undertaking given by her/it to the Company under the Deed of Non-competition. The independent non-executive Directors have reviewed the status of compliance and enforcement of the non-compete undertaking and confirmed that all the undertakings thereunder have been complied with throughout the year ended 31 December 2025.

Other than the Group's business, none of the executive Directors or their respective associates have any interest in any business that competes or is likely to compete with the Group's business during the year ended 31 December 2025.

### Connected Transaction and Continuing Connected Transaction

Save as disclosed in the section headed "Events after the Reporting Period" in this annual report, there were no connected transactions or continuing connected transactions (as defined in Chapter 14A of the Listing Rules) entered into by the Group during the Reporting Period which are required to be disclosed under Chapter 14A of the Listing Rules.

### Related Party Transactions

Details of the related party transactions entered into by the Group during the year ended 31 December 2025 are set out in Note 35 to the consolidated financial statements, and none of these related party transactions constituted a connected transaction or continuing connected transaction pursuant to Chapter 14A of the Listing Rules.

### Distributable Reserves

The Company has no distributable reserve as at 31 December 2025 (2024: Nil).

### Purchase, Sale or Redemption of Listed Securities

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale or transfer of treasury shares during the Reporting Period). The Company did not have any treasury shares as at 31 December 2025.

### Pre-Emptive Rights

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

### Tax Relief and Exemption

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Shares.

### Continuing Disclosure Obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules

The Company did not have any continuing obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules during the Reporting Period.

### Sufficiency of Public Float

Pursuant to the Listing Rules, the Company is required to maintain a minimum public float of not less than 25% of the issued Shares (excluding treasury shares) at all times. Based on publicly available information and to the best knowledge of the Directors, the Directors confirm that an aggregate of 262,355,425 Shares, representing approximately 44.25% of the total issued share of the Company will be held in the public hands. Therefore, the number of Shares in the public hands will present no less than 25% of the total issued Shares, satisfying the minimum percentage requirement in compliance with Rule 8.08(1) of the Listing Rules.

As at the date of this annual report, the composition of public float of the Company are as below:–

Category of Shareholders	Number of Shares held	Approximate percentage of shareholding(1)
Shareholders who are not members of the public		
Ms. Zhao and her associate <sup>(2)</sup>	276,451,486	46.63%
Mr. Li and his associate <sup>(3)</sup>	51,075,015	8.62%
Mr. Li Ke and his associate <sup>(4)</sup>	2,962,474	0.5%
Public Shareholders	262,355,425	44.25%
Total Issued Shares	592,844,400	100%

- (1) The approximate percentage of shareholding interest in the Company is calculated based on the total number of 592,844,400 Shares in issue as at December 31, 2025.
- (2) The interest comprises 24,612,477 Shares personally held by Ms. Zhao and 251,839,009 Shares held by Advant Performance Limited which is wholly owned by Ms. Zhao.
- (3) 51,075,015 Shares held by EEC Technology Limited which is wholly owned by Mr. Li.
- (4) 2,962,474 held by Fine Treasure Asia Holdings Limited which is wholly owned by Mr. Li Ke.

## Donations

During the Reporting Period, our Group made no charitable and other donations (2024: Nil).

## Review of Annual Results by the Audit Committee

The Audit Committee comprises three independent non-executive Directors, namely, Ms. Chan Yeuk Wa, Mr. Ong Chor Wei and Dr. Wang Xueqian. Ms. Chan Yeuk Wa and Mr. Ong Chor Wei are independent non-executive Directors with appropriate professional qualification under Rules 3.10(2) and Rule 3.21 of the Listing Rules. Ms. Chan Yeuk Wa is the chairlady of the Audit Committee.

The Audit Committee has reviewed the audited financial statements of the Company for the year ended 31 December 2025 in conjunction with the Company's auditor and management and has also discussed auditing, risk management, internal control and financial reporting matters including accounting practices and principles adopted by the Group.

## Auditor

The consolidated financial statements of the Group for the Reporting Period have been audited by Rongcheng (Hong Kong) CPA Limited, who will retire and, being eligible, offer themselves for re-appointment at the Annual General Meeting.

Save as disclosed above, there have been no change in the auditor of the Group in any of the preceding three years.

On behalf of the Board

**Zhao Shu**

*Chairlady*

Hong Kong, 27 March 2026

# DIRECTORS AND SENIOR MANAGEMENT

## BOARD OF DIRECTORS

### Executive Directors

**Ms. Zhao Shu (趙姝)**, aged 60, was appointed as a Director on 7 November 2014 and was re-designated as an executive Director on 19 October 2015. She is primarily responsible for the overall management of the Group. Ms. Zhao is the chairlady of the Board, the chief executive officer and authorised representative of the Company, the chairlady of the Nomination Committee and a member of the Remuneration Committee. Ms. Zhao is also the general manager of Beijing Denox Environmental & Technology Co., Ltd. (北京迪諾斯環保科技有限公司) (“**Beijing Denox**”) and Gu’an Denox Environmental Equipment Manufacturing Co., Ltd. (“**Gu’an Denox**”). Ms. Zhao has over 26 years of experience in the environmental protection industry. Prior to joining the Group, from August 1988 to February 1998, Ms. Zhao held various positions in the 5th Design and Research Institute of China Ordnance Industry (中國兵器工業第五設計研究院), now known as China Wuzhou Engineering Corporation Ltd. (中國五洲工程設計有限公司), a company providing integrated services for engineering construction where she last served as an engineer and was primarily responsible for coordinating with different professionals to complete the whole design of power projects. From February 1998 to December 2004, Ms. Zhao held various positions in China Huadian Engineering Co., Ltd. (中國華電工程(集團)有限公司), a prime contractor for project construction and service applied in the industry of electronic power, petrification, harbor, metallurgy, mining, civilian and new energy engineering where she last served as executive deputy general manager of its desulphurization business department and was primarily responsible for the implementation of the prime contracts and procurement contracts. From February 2005 to February 2006, Ms. Zhao served as the general manager assistant of Guohua Ebara Environmental Engineering Co., Ltd. (國華荏原環境工程有限責任公司), a company engaging in environmental engineering projects where she was primarily responsible for handling commercial and legal matters. From March 2006 to May 2011, Ms. Zhao held various positions in China Datang Technologies & Engineering Co., Ltd. (中國大唐集團科技工程有限公司), a prime contractor for the projects related to environmental protection for the power industry, including denitrification in power plants where she served as the general manager of its environmental affairs department until late 2010 and was primarily responsible for the management of the desulphurization and denitrification business. Ms. Zhao received her Bachelor of Engineering, majoring in engineering for thermal power conversion, from Shanghai Institute of Mechanism (上海機械學院), now known as the University of Shanghai for Science and Technology (上海理工大學) in July 1988. Ms. Zhao obtained the qualification as a senior project manager (高級項目管理師) granted by the Occupational Skills Appraisal Center from the Ministry of Labor and Social Security (勞動和社會保障部職業技能鑒定中心) in November 2006.

**Mr. Li Ke (李可)**, aged 58, was appointed as the Director on 9 February 2015 and was re-designated as an executive Director on 19 October 2015. Mr. Li is also the deputy general manager of Beijing Denox, Gu’an Denox and the Company. He is primarily responsible for the production management, equipment management, research and development and quality control of the Group. Prior to joining the Group, from July 1991 to January 1994, he was the assistant engineer of Scivic Engineering Corporation (機械工業第四設計研究院), a company engaged in the engineering management and supervision, where he was primarily responsible for the design of power stations. From February 1994 to January 2010, Mr. Li held various positions in Kurabo Denim (Zhuhai) Textile Co., Ltd. (倉紡(珠海)紡織有限公司), a company engaged in manufacturing of textile products, where he last served as the head of its engineering works department and was primarily responsible for the set-up and maintenance of the equipment and enhancement of technical alterations. Mr. Li received his bachelor of engineering from Southeast University (東南大學) in July 1991, majoring in thermal power engineering (電廠熱能動力工程) of power plants. Mr. Li was awarded the China Machinery Industry Science and Technology Award (Third Class) in October 2012.

## DIRECTORS AND SENIOR MANAGEMENT

### Non-executive Director

**Mr. Li Xingwu (李興武)**, aged 59, was appointed as the Director on 7 November 2014 and was re-designated as a non-executive Director on 19 October 2015. Prior to joining the Group, from July 1988 to January 2000, Mr. Li held various positions in China National Electric Equipment Corporation (中國電工設備總公司), now known as China National Electric Engineering Co., Ltd. (中國電力工程有限公司), a company engaged in EPC contracting, complete equipment supply, engineering consultation, engineering design, project management and supervision, installation and commissioning, technical service, power plant maintenance and operation where he last served as project manager and was primarily responsible for providing technical support and advice to major projects and helping to promote technological innovation. From January 2000 to July 2009, Mr. Li served as project manager of General Machinery Development Co., Ltd. (通達機械有限公司), a trading company engaged in the sale of various types of general machinery, electrical equipment and instrument products, where he was primarily responsible for implementation and management of the transportation and water supplies projects. Since August 2009, Mr. Li founded Yu The Great Environmental Engineering (Beijing) Co., Ltd. (中禹環境工程(北京)有限公司), a contractor for construction projects where he serves as the chairman and is primarily responsible for strategic planning.

Mr. Li received his Bachelor of Engineering, majoring in engineering for thermal conversion, from Shanghai Institute of Mechanism (上海機械學院), now known as University of Shanghai for Science and Technology (上海理工大學) in July 1988. Mr. Li obtained the qualification as a senior engineer (高級工程師) in respect of construction of the thermal conversion granted by the Ministry of Mechanical Industry (機械工業部) in October 1998.

### Independent non-executive Directors

**Ms. CHAN Yeuk Wa (陳躍華)**, aged 55, was appointed as an independent non-executive Director on 30 June 2020. Ms. Chan is the chairlady of the Audit Committee.

Ms. Chan has extensive experience in investment banking and commercial banking industry. From 1995 to 2006, she worked in Bank of China (Hong Kong) Limited (中國銀行(香港)有限公司) and was responsible for marketing promotion and IPO Receiving Bank Service and Dividend Payment Services and commercial banking industry. From 2006 to 2009, Ms. Chan was the team head of IPO Service in the Commercial Business Management Department of Industrial and Commercial Bank of China (Asia) Limited (中國工商銀行(亞洲)有限公司), where she oversaw IPO and listing-related business. From December 2012 to November 2019, Ms. Chan was a director at Partners Financial Holdings Limited (博大金融控股有限公司). She has also served as the vice president of Shenzhen Equity Investment Research Association (深圳市股權投資研究會) since January 2022, an independent director at Goertek Microelectronics Co., Ltd (歌爾微電子股份有限公司), since December 2024, and an independent director at Sublime China Information Co., Ltd. (山東卓創資訊股份有限公司), a company listed on the ChiNext Board of Shenzhen Stock Exchange (stock code: 301299), since November 2025, and since March 2026, an independent non-executive director of Ningbo Tuopu Group Co., Ltd., (寧波拓普集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601689).

Ms. Chan obtained a master's degree in Business Administration from the University of South Australia in Australia (澳洲國立南澳大學) in April 2004.

**Mr. Ong Chor Wei (王祖偉)**, aged 56, was appointed as an independent non-executive Director on 18 October 2015. Mr. Ong is a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee.

Mr. Ong is an executive director of GBA Holdings Limited, a company listed on the main board of the Stock Exchange (stock code: 261). He is also an executive director of Net Pacific Financial Holdings Limited (stock code: 5QY.SI) and a non-executive director of Joyas International Holdings Limited (stock code: E9L.SI), both of which

## DIRECTORS AND SENIOR MANAGEMENT

are listed on the Singapore Exchange. He is also an independent nonexecutive director of Denox Environmental & Technology Holdings Limited, a company listed on the main board of the Stock Exchange (stock code: 1452) and a non-executive director of Zhong Jia Guo Xin Holdings Company Limited, a company listed on the main board of the Stock Exchange (stock code: 899).

Previously, Mr. Ong was an independent non-executive director of Smart Globe Holdings Limited (stock code: 1481), from 2017 to 2023, Nameson Holdings Limited (stock code: 1982), from 2016 to 2022, and O-Net Technologies (Group) Limited (stock code: 877), from 2010 to 2020. Mr. Ong was a non-executive director and re-designated as an independent non-executive director of Man Wah Holdings Limited (stock code: 1999), from 2010 to 2012 and from 2012 to 2022, respectively. He was also a non-executive director of Prosperous Printing Company Limited (stock code: 8385) from 2016 to 2020. Mr. Ong was a non-executive director of Vico International Holdings Limited (stock code: 1621) from 2017 to 2019. All of the above companies are listed on the Stock Exchange.

He was also an executive director on a part-time basis of Zibao Metals Recycling Holdings Plc (a company trading on AIM, a market operated by the London Stock Exchange Plc) from 2014 to 2019.

Mr. Ong has over 34 years of experience in finance and accounting. He holds a Bachelor of Laws degree from The London School of Economics and Political Science, The University of London. Mr. Ong also holds a distance learning degree in Masters in Business Administration which was jointly awarded by The University of Wales and The University of Manchester. Mr. Ong is an associate member of The Institute of Chartered Accountants in England and Wales and a member of the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

**Dr. Wang Xueqian (王學謙)**, aged 50, was appointed as an independent non-executive Director on 28 June 2024. Dr. Wang is the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee.

Dr. Wang has extensive experience in the field of environmental engineering, particularly in areas of waste gas purification, resource utilization, and metallurgical solid waste management, as well as in leading and directing impactful research projects. He is currently a professor and doctoral supervisor at the School of Environmental Science and Engineering, Kunming University of Science and Technology\* (昆明理工大學環境科學與工程學院). He was appointed as a “Changjiang Scholar” by the Ministry of Education of the People’s Republic of China\* (中華人民共和國教育部) in 2023 and named as a “Yunling Scholar” supported by the Yunnan Provincial Talented Person Plan\* (雲南省興滇英才計劃) in 2022. He has also been identified as a young and middle-aged academic and technical leader in Yunnan Province\* (雲南省中青年學術和技術帶頭人) in 2020.

Dr. Wang focuses his research on the purification and resource utilization of metallurgical and chemical waste gases, as well as the disposal and resource utilization of metallurgical solid waste. He has led more than 30 research projects, including National 863 Program projects\* (國家863計劃課題), National Key R&D Program projects\* (國家重點研發計劃課題), National Natural Science Foundation of China projects\* (國家自然科學基金), Provincial and Ministerial-level scientific research projects\* (省部級科研項目), and enterprise-commissioned projects\* (企業委託項目). Dr. Wang has published over 150 papers, with more than 60 papers published as first or corresponding author in SCI-indexed journals. He has also published 1 monograph, obtained 62 authorized invention patents (including 3 international patents), and is the first inventor on 35 China invention patents. Dr. Wang received 1 National Technology Invention Award (Second Class) (國家技術發明二等獎) and 11 provincial and ministerial-level First-Class Awards (省部級一等獎) for his research achievements. Dr. Wang also participated in the development of 4 national and group standards\* (國家和團體標準). Dr. Wang’s research achievements have been widely applied in various industries, achieving significant social and economic benefits and promoting the green, low-carbon, and sustainable development of the metallurgical and chemical industries in China.

## DIRECTORS AND SENIOR MANAGEMENT

Dr. Wang obtained a bachelor's degree in environmental engineering from China University of Mining and Technology\* (中國礦業大學環境工程專業) in 1998, a master's degree in environmental engineering from Kunming University of Science and Technology\* (昆明理工大學) in 2001, and a doctorate degree in environmental engineering from Kunming University of Science and Technology\* (昆明理工大學) in 2007.

### SENIOR MANAGEMENT

**Mr. Chen Qizhao (陳其照)**, aged 33, was appointed as the chief financial officer of the Company on 1 June 2020. Mr. Chen graduated from the University of Southern California in the United States in May 2015 majoring in Business Administration. During his time in university, he has successively interned in the investment banking department of Huachuang Securities Co., Ltd. in Beijing, SEAVI Advent in Singapore, and the investment and financing department of CITIC Bank International in Shanghai, and has accumulated working experiences in project due diligence and China investment analysis, corporate initial public offering, and convertible bond and trust business. Mr. Chen has served as a financial manager in the financial department of the Company since he graduated from university, and his main duties are to make use of financial data to optimise the Company's operation management, reduce the Company's operational risks, and improve the Company's profitability. Mr. Chen is the son of Ms. Zhao Shu, the chairlady of the Board, the chief executive officer of the Company.

### JOINT SECRETARIES

**Mr. Liu Lianchao (劉連超)**, aged 51, was appointed as one of the joint company secretaries and the authorised representative of the Company on 8 May 2015. Mr. Liu is also the deputy general manager of Beijing Denox, Gu'an Denox and the Company. Mr. Liu is primarily responsible for the management of human resources and company secretarial matters. Prior to joining the Group, Mr. Liu served as a technician of Daimler Chrysler Railway System Signal (Shenyang) Co., Ltd. (瀋陽戴姆勒克萊斯勒鐵路系統信號有限公司), a company principally engaged in the design of railway signaling system from June 1999 to March 2001, where he was primarily responsible for technical works.

From April 2004 to April 2005, Mr. Liu served as a manager of the human resources department of Zhejiang Putong Fuwu Shichang Co., Ltd. (浙江普通服務市場有限公司), a company providing the storage and distribution services, where he was responsible for the set-up of the distribution center and management of human resources. From February 2006 to April 2012, Mr. Liu served as an officer of the department of planning and development of China Datang Technologies & Engineering Co., Ltd. (中國大唐集團科技工程有限公司) where he was primarily responsible for planning and development. Mr. Liu received his bachelor of engineering, majoring in fluid power transmission and control, from Beijing University of Aeronautics and Astronautics (北京航空航天大學), now known as Beihang University, in July 1998. Mr. Liu received his master of business administration from Tongji University (同濟大學) in November 2004. Mr. Liu received his doctorate's degree of management, majoring in corporate management, from Renmin University of China (中國人民大學) in January 2011. Mr. Liu obtained the qualification as economist granted by the Personnel Bureau in November 2006.

**Ms. Yu Anne (余安妮)** is an assistant manager of SWCS Corporate Services Group (Hong Kong) Limited and has over 20 years of experiences in corporate secretarial and corporate governance field. Ms. Yu is currently acting as the company secretary of several companies listed on the main board of the Stock Exchange. Ms. Yu holds a bachelor's degree from University of Huddersfield in the United Kingdom and a Master of Law degree from The University of Law in the United Kingdom. Ms. Yu is a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Yu also holds a Practitioner's Endorsement from The Hong Kong Chartered Governance Institute.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 1. About the Environmental, Social and Governance Report

This is the ninth Environmental, Social and Governance (“**ESG**”) Report (the “**ESG Report**” or “**this Report**”) of Denox Environmental & Technology Holdings Limited (the “**Company**”). The ESG Report illustrates the sustainability strategies and performance of the Company and its subsidiaries (collectively, “**we**” or the “**Group**”) regarding ESG aspects. The ESG Report should be read together with the Corporate Governance Report to have a holistic picture of the ESG performance of the Group. The ESG Report has been reviewed and approved by the Board of Directors.

### 1.1. Reporting Boundary

The organisational boundary of the ESG Report covers the Company and its subsidiaries, including Beijing Denox Environmental & Technology Co., Ltd (“**Beijing Denox**”), Gu’an Denox Environmental Equipment Manufacturing Co., Ltd (“**Gu’an Denox**”) and our branches in the United States (“**USA Denox**”) and Europe (“**Europe Denox**”). The ESG Report includes office operation, the research and development, manufacturing, and sales of DeNOx catalysts. The Reporting Period of the ESG Report is from 1 January 2025 to 31 December 2025 (the “**Reporting Period**”), which is consistent with this annual report.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 1.2. Reporting Guideline

The ESG Report is prepared in accordance with Appendix C2 *Environmental, Social and Governance Reporting Code* (the “**ESG Code**”) of the Listing Rules issued by the Stock Exchange of Hong Kong Limited (“**SEHK**”). The ESG Report follows the mandatory disclosure requirements and “comply or explain” provisions of the *ESG Code* of SEHK and the Group has followed the four reporting principles consisting of materiality, quantitative, balance and consistency in preparing the ESG Report.

### Materiality

- The ESG Report focuses on responding to the material issues that concern our stakeholders. Therefore, we have identified the material issues through materiality assessment, including conducting stakeholder engagement through questionnaires and determining material issues by the Board of Directors. The detailed materiality assessment process and results are described in Chapter 2.4.2 “Materiality Assessment”.

### Quantitative

- To evaluate our environmental and social performance, we provide the key performance indicators during the Reporting Period, and disclose information on the standards, methodologies, assumptions and/or calculation tools and source of conversion factors used, for the reporting KPIs.

### Balance

- The ESG report should provide an unbiased picture of our performance. The ESG Report should avoid selections, omissions, or presentation formats that may inappropriately influence the decisions or judgment of report readers.

### Consistency

- We adopt consistent calculation methods used in previous reporting periods, providing meaningful comparisons of our environmental and social performance.

## 1.3. Reporting Language

The ESG Report is published in Traditional Chinese and English versions. If there is any ambiguity between the two versions, the Traditional Chinese version shall prevail.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

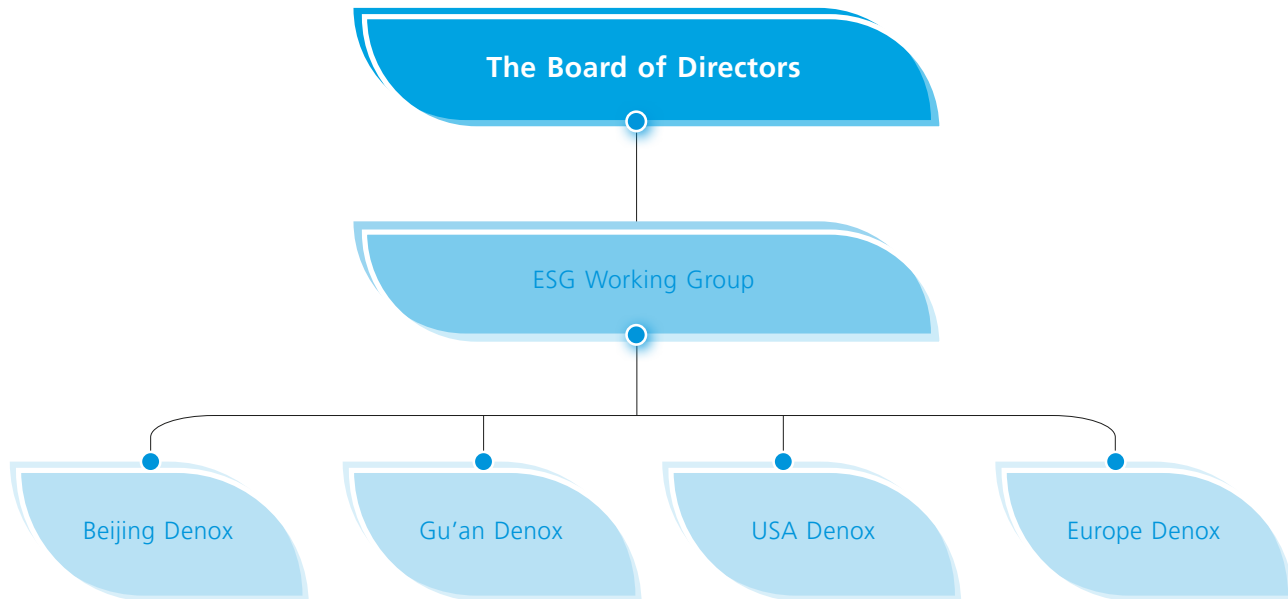
## 2. Governance in Sustainable Development

The Board of Directors of the Company places significant emphasis on sustainable development governance matters, incorporating them into our critical agenda. During the Reporting Period, we have been dedicated to fostering the deep integration of ESG issues with our corporate governance framework, aiming to lead the Group towards a sustainable development path with long-term resilience and value creation. The Board of Directors rigorously adheres to corporate governance principles, aligning with legal and commercial standards, continuously strengthening internal controls, fair disclosure, and accountability to all shareholders, ensuring transparency and accountability across all our operational activities.

To accurately address the concerns of stakeholders, the Group has conducted a comprehensive review of material issues and provided detailed responses on each such issue in this Report. Simultaneously, through the ESG risk review and assessment mechanism, the Group effectively identifies and manages climate change and other significant ESG risks. The Board of Directors will regularly review the progress of related objectives and actual performance to ensure they are highly aligned with the Group's overarching strategic direction, and will make timely adjustments in response to internal and external environmental changes, thereby fully integrating sustainability into business decisions and achieving long-term shared value.

### 2.1. ESG Governance Structure

A clear and effective ESG governance structure enables the Group to better address and implement relevant ESG governance strategies and initiatives. We have established a top-down ESG governance structure to fully meet regulatory requirements and business needs. During the Reporting Period, we have fully integrated climate-related functions into the existing ESG governance structure to actively respond to the SEHK's climate-related disclosure requirements. The Group's ESG governance framework is outlined as follows:



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Board of Directors serves as the highest decision-making body for the Group's ESG and climate-related initiatives and bears oversight responsibility for the Group's ESG and climate-related issues. It is tasked with setting the overarching ESG and climate-related management targets, strategies, and policies, as well as supervising and approving sustainability matters such as management policies, strategies, ESG Report and climate-related disclosures. To fully leverage the Group's ESG and climate-related oversight mechanism and assist the Board of Directors in guiding and implementing the governance functions of ESG and climate-related matters, an ESG Working Group, authorised by the Board of Directors, has been established. The ESG Working Group is chaired by the Secretary of the Board of Directors of the Group and comprises heads of functional departments from the Company and its subsidiaries. The responsibilities of the ESG Working Group include:

- To develop and review ESG and climate-related management policies and strategies in a timely manner;
- To identify, assess and manage ESG and climate-related risks and opportunities related to the Group;
- To set ESG and climate-related targets and to review progress and performance on such targets;
- To identify, assess and manage the Group's material ESG and climate-related issues;
- To prepare ESG reports.

The ESG Working Group regularly reports to the Board of Directors on significant ESG and climate-related issues and work progress, ensuring that the Board of Directors is promptly informed of such work and can deliberate and make decisions on critical ESG and climate-related issues. The ESG Working Group is also responsible for coordinating and overseeing the implementation and execution of ESG and climate-related initiatives across functional departments within the Group and its subsidiaries, thereby embedding sustainable development principles into daily operations.

## 2.2. ESG Risk Assessment and Management

The Board of Directors of the Company assumes overall responsibility for the Group's risk management and internal control systems and reviews the effectiveness of its going concern basis. Concurrently, the Board of Directors understands the industry-specific ESG risks and has integrated ESG risk management into the existing risk management and internal control framework. Through the effective operation of risk management and internal control procedures, the Board of Directors identifies, assesses, prioritises, and manages significant risks related to the achievement of business objectives, as well as the derivative risks associated with ESG matters.

During the Reporting Period, the Group conducted an ESG risk assessment for the year 2025 by reviewing the ESG risk results of 2024. Based on the analysis of the results, we have prioritised the Group's ESG risks, effectively identifying the most significant ones. Among these, Physical Risks, Environmental and Natural Resource Policies, Air Emissions and Management, Wastewater Discharge and Management, and Policy Risks have been determined as the highest-importance ESG risks for the Group.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has identified the following ESG risks that are critical to its operations and business during the Reporting Period. These risks have been thoroughly reviewed, along with the corresponding management measures, to ensure their effective control:

Risk	Risk Level	Risk Impact	Management Measures
Physical Risks	Medium	Climate change-induced extreme weather events pose a significant risk to the operational continuity of manufacturing facilities. Failure to adequately address climate-related challenges may result in adverse impacts on production, revenue, operations, and corporate reputation.	<ul style="list-style-type: none"> <li>• During the Reporting Period, the Group systematically identified and assessed climate-related risks and opportunities with reference to the climate-related disclosure requirements in Part D of the <i>ESG Code</i>. We comprehensively analysed the potential impacts of various climate risks and opportunities on each link of the value chain, business model, and financial performance, and formulated targeted response measures accordingly;</li> <li>• To address the challenges posed by climate change, Gu'an Denox has formulated the <i>Contingency Plan for Strong Winds (Level 4 and Above)</i> and the <i>Rainy Season Flood Control Emergency Plan</i> to ensure the Group can swiftly and efficiently initiate disaster relief actions in the event of unexpected situations during strong winds and flood seasons. This plan aims to minimise or mitigate losses caused by such disasters, safeguard the safety of personnel and assets, maintain normal production operations, and meet customer requirements.</li> </ul>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk	Risk Level	Risk Impact	Management Measures
Environmental and Natural Resource Policies	Medium	Non-compliance with environmental and natural resource policies may result in the Company being subject to audits, public notifications, or penalties, thereby increasing regulatory violation costs and posing risks to the Company's reputation.	<ul style="list-style-type: none"> <li>The Group, with environmental technology at the core of its business operations, adheres to the principles of green operations, prioritising environmental protection. We rigorously comply with laws and regulations such as the <i>Water Law of the People's Republic of China</i>, the <i>Energy Conservation Law of the People's Republic of China</i>, the <i>Environmental Impact Assessment Law of the People's Republic of China</i>, as well as national standards. To ensure compliant operations, the Group regularly updates its list of environmental laws and regulations and has established the <i>Control Procedure for Obtaining and Identifying Laws, Regulations and Other Requirements</i>. We maintain continuous communication with relevant departments to comprehensively fulfil our environmental responsibilities;</li> </ul>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk	Risk Level	Risk Impact	Management Measures
			<ul style="list-style-type: none"> <li>To mitigate the environmental impact of daily operations on the surrounding environment, the Group has formulated and implemented a series of scientifically sound environmental management measures. Through comprehensive assessments of procurement, sales, product technology development, production, and after-sales service processes, we have identified significant environmental aspects and evaluated their environmental impacts to implement targeted improvement measures. Denox Environmental has compiled the <i>List of Key Environmental Factors</i> and developed the <i>Summary and Assessment Form of Environmental Factors</i> for departments including the Finance Department, General Administration Office, Technology Research and Development Department, and Industrial Catalysts Division;</li> </ul>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk	Risk Level	Risk Impact	Management Measures
			<ul style="list-style-type: none"> <li>We continuously monitor the environmental impact of construction-related projects. The Group successfully completed the Environmental Impact Assessment for the key expansion and renovation project of the honeycomb denitrification unit. The Environmental Assessment Report issued by a third-party testing agency confirms that the project has fully complied with national and local environmental regulations during both its construction and operational phases. The quality of surface water, acoustic environment, and air pollutant levels in the surrounding area all meet the required standards. Additionally, the project has implemented supporting infrastructure development, fulfilled land requisition-compensation balance requirements, and rationally adjusted land use planning, achieving synergistic optimisation of production facilities and the ecological environment.</li> </ul>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk	Risk Level	Risk Impact	Management Measures
Air Emissions and Management	Medium	Failure to adequately manage emissions may result in violations of relevant laws and regulations, such as the <i>Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution</i> . This could disrupt normal production operations, harm the company's reputation, and potentially lead to legal proceedings.	<ul style="list-style-type: none"> <li>The Group rigorously adheres to the requirements of relevant laws, regulations, and normative documents, including the <i>Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution</i>, the <i>Regulations of Hebei Province on the Prevention and Control of Air Pollution</i>, the <i>Technical Guidelines for the Formulation of Emergency Emission Reduction Measures for Key Industries in Heavy Pollution Weather (2020 Revision)</i> by the Ministry of Ecology and Environment, the <i>Technical Guidelines for Emergency Emission Reduction of Eight Industries in Heavy Pollution Weather in Hebei Province</i>, and the <i>Guiding Opinions on Differentiated Management of Heavy Pollution Weather in Non-Key Industries in Langfang</i>. This ensures full compliance with our operations;</li> <li>The Group has formulated and implemented the <i>Operational Plan for Emergency Response in Heavy Pollution Weather</i> to standardise the emergency response mechanism for heavy pollution. By establishing an air pollution emergency support system characterised by proactive prevention, orderly command, rapid response, coordinated linkage, and robust safeguards, we have continuously enhanced our capability to address heavy pollution weather, ensuring the effective operation and ongoing improvement of our environmental management system, contributing to the achievement of sustainable development goals;</li> </ul>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk	Risk Level	Risk Impact	Management Measures
			<ul style="list-style-type: none"> <li>During periods of heavy pollution weather, the Group strictly implements its emergency response mechanism and adopts corresponding emission reduction measures. To this end, the Group has established a Heavy Pollution Weather Emergency Task Force, which formulates and implements differentiated emission reduction plans based on varying warning levels. Under special circumstances, the Group rigorously adheres to directives from higher-level government authorities, executing emergency emission reduction measures such as production restrictions or suspensions to ensure effective reduction of pollutant emissions and fulfil its corporate environmental protection responsibilities.</li> </ul>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk	Risk Level	Risk Impact	Management Measures
Wastewater Discharge and Management	Medium	Failure to adequately manage wastewater treatment may result in violations of relevant laws and regulations, such as the <i>Water Pollution Prevention and Control Law of the People's Republic of China</i> . This could disrupt normal production operations, harm the Company's reputation, and potentially lead to legal proceedings.	<ul style="list-style-type: none"> <li>The wastewater generated by the Group primarily originates from industrial effluents within the production facilities and domestic sewage from office areas. Domestic sewage from office areas is discharged into the municipal sewage network through the building pipeline system and is centrally treated by municipal authorities;</li> <li>The Group has established a production wastewater treatment station and a main discharge outlet within the production facility to ensure that the treated wastewater complies with the <i>Integrated Wastewater Discharge Standard (GB 8978-1996)</i> and the influent quality requirements of Gu'an Lvyuan Urban Wastewater Treatment Co., Ltd. Wastewater generated during production undergoes preliminary treatment at the facility's wastewater treatment plant before being discharged into the municipal network for further processing at a wastewater treatment plant. Additionally, the Group regularly engages third-party testing agencies to conduct water quality tests on the discharged wastewater to ensure continuous compliance with discharge standards.</li> </ul>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk	Risk Level	Risk Impact	Management Measures
Policy Risk	Medium	The Company could be subject to uncertainties arising from various laws and regulations applicable to production, such as the <i>Law of the People's Republic of China on Work Safety</i> .	<ul style="list-style-type: none"> <li>Considering energy transition policies will gradually reduce the number of coal-fired units in the thermal power industry in the future, potentially constraining the sales potential of the Group's products in existing markets, the Group has decided to proactively align with the latest environmental policy directions and evolving market demands. To this end, the Group will focus on the research, development, and technological upgrading of DeNOx catalysts to diversify and optimise its product line;</li> <li>To effectively address risks such as asset impairment, premature decommissioning challenges, and increasingly stringent emission disclosure requirements arising from policy changes, the Group has actively adjusted its business strategy and increased investments in low-carbon industries. Additionally, the Group has strengthened its research, development, and application of DeNOx catalysts emission reduction technologies, aiming to support key polluting industries in reducing emissions and rigorously implementing environmental protection measures;</li> <li>To reduce greenhouse gas ("GHG") emissions from vehicles, the Group has revised the Group's Vehicle Management System, actively advocating for and encouraging employees to utilise public transportation, thereby collectively promoting a green and low-carbon lifestyle.</li> </ul>

## 2.3. ESG Management System, Targets and Performance

To continuously strengthen the foundation for sustainable development, the Group has established a comprehensive and robust quality, environmental, and occupational health and safety management system. Our management system strictly adheres to international and national standards, including the GB/T 19001-2016/ISO 9001: 2015 *Quality Management System Requirements*, the GB/T 24001-2016/ISO 14001: 2015 *Environmental Management Systems-- Requirements with Guidance for Use* and the GB/T45001-2020/ISO 45001: 2018 *Occupational Health and Safety Management Systems-- Requirements with Guidance for Use*. To ensure the system's continued effectiveness and compliance, the Group regularly conducts internal audits and updates, actively aligning with the latest national and regulatory guidelines. Currently, both Beijing Denox and Gu'an Denox have undergone rigorous audits by independent third-party organisations and have successfully obtained relevant certifications for their quality management, environmental management, and occupational health and safety management systems.

### ***Directional Environmental Targets***

Guided by the core principles of sustainable development, the Group has established a comprehensive and robust quality, environmental, and occupational health and safety management system. Based on this framework, the Group has set annual directional environmental targets and indicators. To ensure the effective implementation of strategic goals, we have developed a comprehensive objective management system, clearly defining the responsibilities, completion timelines, and assessment standards for achieving targets across functional departments. Regular reviews are conducted to continuously monitor progress and performance towards these goals. The Board of Directors assumes the highest supervisory responsibility for environmental targets, regularly reviewing the execution status and overall performance of directional environmental goals. During the Reporting Period, the ESG Working Group strengthened its control and supervision over the implementation of environmental targets, providing follow-up and optimisation throughout the specific action plans, ensuring the robust advancement of environmental management measures and the achievement of targets.

Owing to the effective implementation of various environmental protection measures, all of the Group's directional environmental targets have been successfully completed their milestones during the Reporting Period, fully demonstrating the Group's solid progress in energy conservation, emission reduction, and efficient resource utilisation.

To further consolidate achievements and promote sustainable development, the Group has comprehensively reviewed and updated its directional environmental targets, indicators, and action plans, incorporating the latest regulatory requirements, industry best practices, and actual operational circumstances. The Board of Directors and the ESG Working Group will begin tracking and disclosing the implementation status of the new directional environmental targets from the next reporting period, thereby enhancing the transparency and accountability of environmental performance and creating more stable long-term value for stakeholders.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Target Categories	Environmental Targets	Metrics	Action Plans	Action Plan Completion Timeline
<b>Energy Use Efficiency Targets</b>	Systematic Construction of Energy Conservation Management	Promote energy-saving information	<ul style="list-style-type: none"> <li>Enhance employees' awareness of energy-saving product information</li> </ul>	Long-term
		Implement electricity-saving measures	<ul style="list-style-type: none"> <li>The leading group for electricity conservation continuously optimises energy-saving management mechanisms and measures</li> </ul>	Long-term
	Reduce Energy Waste	Reduce office energy consumption	<ul style="list-style-type: none"> <li>Identify high-energy-consuming equipment and gradually replace with energy-efficient models</li> <li>Use/purchase energy-saving equipment (e.g., LED lighting, energy-efficient refrigerators)</li> <li>Promptly turn off electrical equipment when not in use</li> </ul>	Long-term
	Improve Energy Use Efficiency	Implement energy-saving technological upgrades at production bases	<ul style="list-style-type: none"> <li>Replace and phase out old pumps and motors to improve equipment efficiency</li> </ul>	Medium-term
		Conduct energy management	<ul style="list-style-type: none"> <li>Regularly overhaul energy-consuming equipment</li> </ul>	Medium-term

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Target Categories	Environmental Targets	Metrics	Action Plans	Action Plan Completion Timeline
<b>Water Use Efficiency Targets</b>	Enhance Daily Water Conservation Levels	Reduce the Group's average water consumption	<ul style="list-style-type: none"> <li>Install water-saving taps</li> <li>Enhance employees' water conservation awareness</li> </ul>	Short-term
		Increase the reuse rate of production water	<ul style="list-style-type: none"> <li>Reuse treated wastewater for purposes with lower water quality requirements</li> </ul>	Medium-term
	Reduce Water Supply System Leakage	Regularly inspect and maintain water pipes and supply systems	<ul style="list-style-type: none"> <li>Conduct regular inspections and maintenance of the water supply system to eliminate leaks, drips, and runs</li> </ul>	Medium-term
	Strengthen Watershed Ecology and Water Environment Protection	Protect watershed ecology	<ul style="list-style-type: none"> <li>Maintain the wastewater treatment system to ensure continuous compliance of effluent quality</li> </ul>	Long-term
<b>Waste Generation</b>	Source Reduction	Reduce domestic waste	<ul style="list-style-type: none"> <li>Reduce food waste generation and external waste</li> </ul>	Short-term
		Promote green office, use less paper	<ul style="list-style-type: none"> <li>Promote paperless office, use electronic documents instead of paper</li> <li>Promote double-sided printing</li> </ul>	Medium-term
		Reduce hazardous waste	<ul style="list-style-type: none"> <li>Choose more environmentally friendly equipment and materials</li> </ul>	Short-term
		Strengthen equipment maintenance and protection	<ul style="list-style-type: none"> <li>Strengthen equipment maintenance and repair, carry out regular equipment work</li> </ul>	Short-term
	Increase Waste Recycling	Increase the recycling and reuse rate of various types of waste	<ul style="list-style-type: none"> <li>Improve waste sorting signs and collection points in office and production areas</li> <li>Arrange for qualified recyclers to collect various types of waste</li> </ul>	Medium-term
	Properly Dispose of Waste	Reduce hazardous waste generation	<ul style="list-style-type: none"> <li>Establish a hazardous waste ledger and lifecycle management system</li> </ul>	Medium-term

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Target Categories	Environmental Targets	Metrics	Action Plans	Action Plan Completion Timeline
<b>GHG Emissions</b>	Improve Existing GHG Emission System	Establish a comprehensive data collection system	<ul style="list-style-type: none"> <li>Improve disclosure of Scope 3 GHG emissions</li> </ul>	Medium-term
	Reduce GHG Emissions	Encourage green commuting	<ul style="list-style-type: none"> <li>Implement a green travel and business trip plan for employees</li> </ul>	Medium-term
		Reduce GHG emissions during production and office processes	<ul style="list-style-type: none"> <li>Phase out low-efficiency equipment</li> </ul>	Medium-term
		Ecological greening of factory areas	<ul style="list-style-type: none"> <li>Improve spatial greening</li> </ul>	Long-term
		Establish a zero-carbon/low-carbon industrial park	<ul style="list-style-type: none"> <li>Develop an overall plan and implementation roadmap for a zero-carbon/low-carbon industrial park</li> </ul>	Medium-term

### ***Routine Quantitative Targets for Quality, Environment, and Occupational Health and Safety***

The Group sets annual quantitative targets relating to quality, the environment and occupational health and safety to continuously advance its sustainability initiatives. To ensure the timely achievement of these targets, we assign responsibilities to relevant functional departments and conduct regular reviews of progress. In 2025, the Group successfully accomplished all established targets. Below is the list of targets set for 2025:

Aspects	The Group's targets set for 2025
Environment	100% compliance to standards, laws and regulations related to environmental protection
	Zero environmental pollution incidents
Employee	Zero safety incidents
	Zero cases of occupational diseases
	Zero fire incidents
Product Quality	Procurement compliance rate $\geq 99\%$
	100% product delivery qualification rate
	Customer satisfaction rate: $\geq 90\%$
	100% contract fulfilment rate
	100% order and contract review rate

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2.4. Stakeholder Engagement

The Group's sustainability efforts are intrinsically linked to its stakeholders, whose opinions and expectations serve as a critical driving force behind our progress. To ensure a thorough understanding of their expectations, needs, and concerns regarding sustainability issues, the Group maintains close engagement with stakeholders through various channels, including our official website, emails, annual general meetings, annual reports, interim reports, announcements, circulars, and dedicated meetings. These insights form a vital foundation for enhancing our sustainability initiatives and serve as an important reference for determining the key focus areas of this Report.

### 2.4.1. Communicate with Stakeholders

During the Reporting Period, the primary concerns and expectations of our stakeholders, as well as the Group's regular communication channels, are summarised in the table below:

Stakeholders	Needs and Expectations	Responses
Relevant Government Departments	Comply with environmental and safety-related laws and regulations	Enhance the screening and identification of safety hazards and work with relevant departments proactively to conduct safety inspections; implement environmental protection measures in accordance with regulations
Shareholders and Investors	Business developments, sustaining corporate competitiveness	Formulate operational plans aligned with the Group's strategic objectives, and enhance the research, development, production, and sales of industrial DeNOx catalysts and vehicle DeNOx catalysts
Customers	Compliance with relevant laws and regulations, and ensuring product quality and after-sales service;  Adherence to national environmental protection standards	Keep pace with the latest environmental policies and market demands, expand product portfolio and advancing research and development of DeNOx catalysts; strengthen product quality control to enhance product excellence
Employees	Optimal working hours;  Clean and organised work environment	Establish reasonable work schedules; assign designated personnel for regular cleaning of office spaces and production facilities

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholders	Needs and Expectations	Responses
Suppliers	Ensuring fair and transparent procurement practices;  Fostering collaborative partnerships for mutual success	Conduct annual evaluations of suppliers and establish a qualified supplier list to ensure that the products provided meet quality, environmental, and safety standards
Neighbouring Communities	Protecting the community environment;  Fulfilling social responsibilities	Enhance DeNOx catalysts emission reduction technologies to assist in lowering emissions in key polluting industries; implement environmental protection measures and strengthen environmental management practices; actively participate in community development and public welfare initiatives

## 2.4.2. Materiality Assessment

During the Reporting Period, the Group reviewed and examined the list of material issues based on industry trends and internal development strategies. The Group identified the material issues for 2025, and formed a materiality matrix to further clarify the key areas for the Group's sustainability information disclosure, thereby more effectively responding to the concerns and expectations of stakeholders.

The Group's process of the materiality assessment includes the following steps:

### Compilation of the Materiality Issues List

- The Group reviewed the list of material issues from the previous reporting period and referred to the industry materiality guidance issued by leading international institutions, such as MSCI, while also considering topics of concern within the industry. Based on this process, the Group finalised the list of material issues for 2025.

### Prioritization of Materiality Issues and Construction of the Materiality Matrix

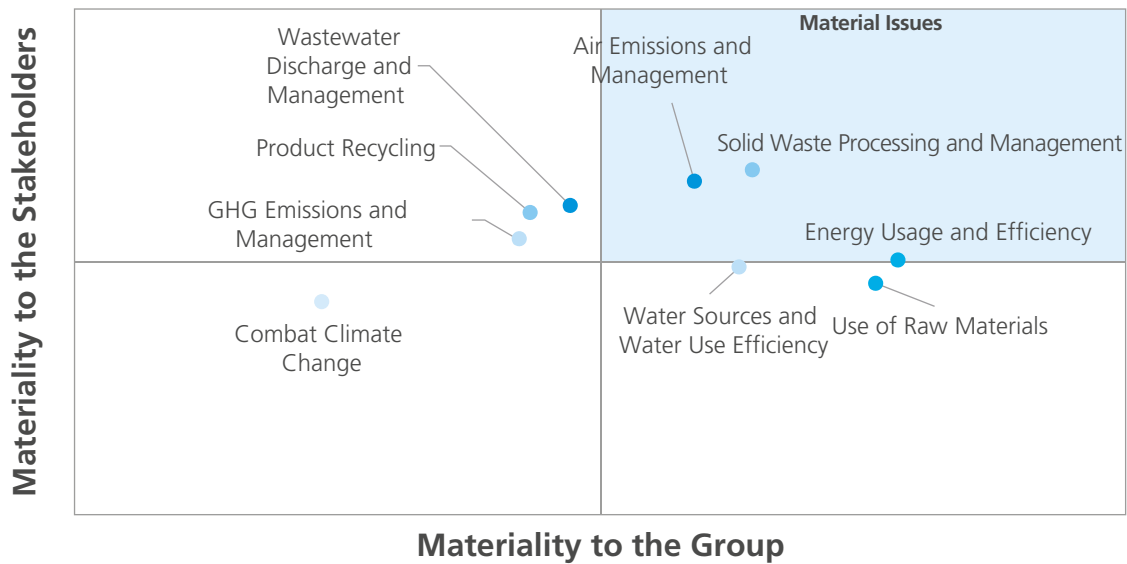
- The Group prioritized the 2025 materiality issues list by considering industry development trends and reviewing the key business focuses during the Reporting Period. This process ultimately resulted in the formation of a materiality matrix, which clarifies the relative impact level of each issue on the Group's sustainable development.

### Review and Validation of Materiality Topics

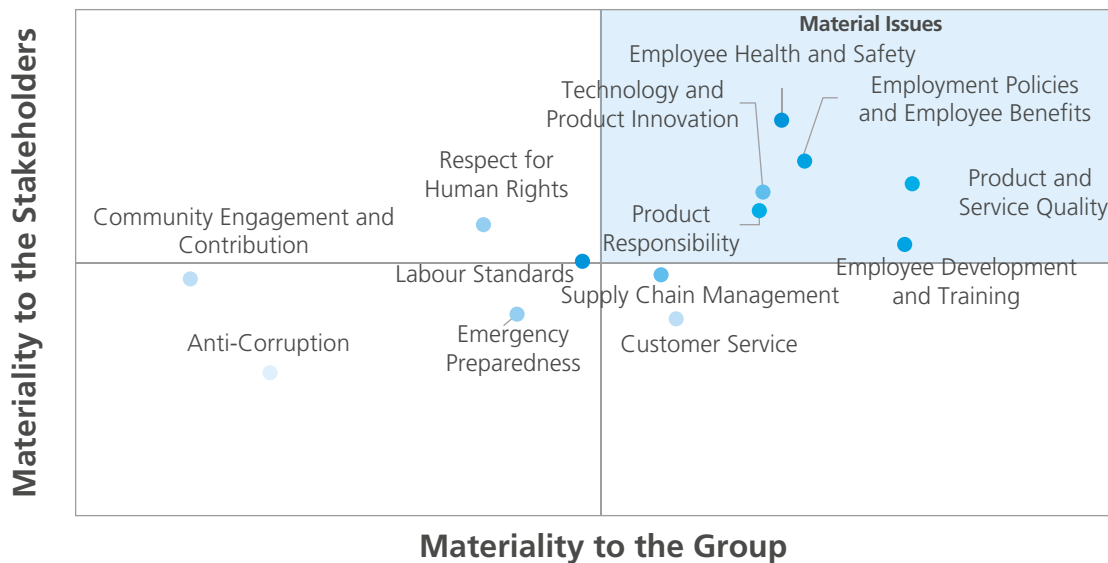
- The assessment results were initially reviewed by the ESG Working Group and subsequently submitted to the ESG Committee and the Board of Directors for final confirmation.

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## Materiality Matrix of Environmental Issues



## Materiality Matrix of Social Issues



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Following the above steps and after the analysis of the materiality matrices in environmental and social aspects, the Group identified 3 environmental-related and 6 social-related issues with higher materiality which are shown below. The Group will elaborate on its management approach and performance on such issues in subsequent chapters.

Issues with Higher Materiality (Listed from High to Low)	
Environmental Aspect	Social Aspect
<ul style="list-style-type: none"> <li>• Solid Waste Processing and Management</li> <li>• Energy Usage and Efficiency</li> <li>• Air Emissions and Management</li> </ul>	<ul style="list-style-type: none"> <li>• Product and Service Quality</li> <li>• Employee Health and Safety</li> <li>• Employment Policies and Employee Benefits</li> <li>• Employee Development and Training</li> <li>• Technology and Product Innovation</li> <li>• Product Responsibility</li> </ul>

### 3. Green Operation

As a practitioner in the field of environmental technology, the Group has consistently adhered to the principles of green operation, placing environmental protection at the core of its corporate development strategy. In conducting our business, we strictly comply with national environmental protection laws, regulations, and standards, with particular reference to key legislation such as the *Water Law of the People's Republic of China*, the *Energy Conservation Law of the People's Republic of China*, the *Law of the People's Republic of China on Environmental Impact Assessment*, the *Law of the People's Republic of China on Promoting Clean Production*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Soil Pollution Prevention and Control Law of the People's Republic of China*. Additionally, we align with specialised standards including the *National Catalogue of Hazardous Waste (Version 2025)*, the *Standard for Pollution Control on Hazardous Waste Storage (GB 18597-2023)*, and the *Detailed Rules for the Implementation of the Action Plan on Prevention and Control of Air Pollution of Beijing-Tianjin-Hebei and the Surrounding Areas*. These frameworks form the foundation of our comprehensive environmental compliance management system. Given that the current operating models of Europe Denox and USA Denox are primarily focused on sales activities, they do not have a significant environmental impact. The environmental management disclosures in this Report primarily focus on the business operations with production entities in Mainland China.

To ensure the standardisation and continuity of our environmental management practices, the Group has established the *Control Procedure for Obtaining and Identifying Laws, Regulations and Other Requirements*, designating a dedicated department to oversee the regular updating and compilation of environmental regulations. Through the implementation of a transparent information disclosure and communication mechanism, we ensure that all environmental requirements are promptly and effectively implemented. During the Reporting Period, the Group strictly complied with the requirements of the above laws and regulations and did not violate relevant regulations of areas including air and GHG emissions, discharges into water and land, generation and disposal of waste, and noise pollution.

## 3.1. Environmental Management

The Group has consistently regarded environmental protection as a critical responsibility in its operations, implementing scientifically robust and systematic environmental management measures to minimise the potential impact of daily activities on the surrounding environment. We have established a comprehensive mechanism for identifying and assessing environmental factors across the entire value chain, encompassing procurement, sales, product R&D, manufacturing, and after-sales services. This mechanism systematically identifies key environmental factors and evaluates their impact, providing a scientific basis for developing targeted improvement plans.

Furthermore, the Group has continuously refined its environmental management system by compiling the *List of Key Environmental Factors*, and developing the *Summary and Assessment Form of Environmental Factors for key functional departments*, including the Finance Department, General Administration Office, Technology Research and Development Department, and Industrial Catalysts Division. These initiatives have enabled more refined and standardised environmental management. The Group will continue to optimise its environmental management practices, effectively control the adverse impacts of operational activities, reduce natural resource consumption, and steadfastly fulfil its corporate environmental responsibilities, thereby contributing to ecological conservation and the achievement of sustainable development goals.

### 3.1.1. Air Pollutants Emission Management

The Group strictly adheres to national and local environmental protection laws and regulations, comprehensively implements the requirements of the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Regulations of Hebei Province on the Prevention and Control of Air Pollution*, and other relevant legal and regulatory requirements. We thoroughly implement the *Technical Guidelines for the Formulation of Emergency Emission Reduction Measures for Key Industries in Heavy Pollution Weather (2020 Revision) by the Ministry of Ecology and Environment*, the *Technical Guidelines for Emergency Emission Reduction for Eight Industries in Heavy Pollution Weather in Hebei Province*, the *Guiding Opinions on Differentiated Management of Heavy Pollution Weather in Non-Key Industries in Langfang (Interim)*. By systematically managing the Group's air pollutant emissions, we ensure full compliance.

During our production processes, the atmospheric pollutants generated by the Group primarily originate from operations such as mixing, industrial plate drying, diesel engine drying and calcinating, as well as industrial honeycomb ageing and calcinating. The main pollutants include particulate matter, sulphur dioxide, and nitrogen oxides. To effectively reduce pollutant emissions, we continue to promote cleaner production and pollution control. For key processes such as mixing, ageing, calcinating, cutting, and grinding, we have implemented comprehensive waste gas treatment solutions. These include the use of equipment such as gas collection hoods, bag filters, and spray towers to efficiently treat pollutants such as particulate matter, ammonia, sulphur dioxide, and nitrogen oxides. Additionally, by leveraging existing facilities, we have carried out technical upgrades and installed new equipment to ensure that emissions are discharged through 15-metre-high exhaust stacks, achieving compliance with regulatory standards.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the Group further optimised and refined its *Operational Plan for Emergency Response in Heavy Pollution Weather*, focusing on strengthening the control and reduction strategies for air pollutants, and clarifying the prevention responsibilities and operational requirements for each emission link. The plan established a tiered early warning response mechanism, adopting differentiated emergency emission reduction measures such as production restrictions, suspensions, and traffic control during yellow, orange, and red warning stages, ensuring that the enterprise can respond promptly, reduce emissions, and ensure environmental safety and compliance during heavy pollution weather.

## 3.1.2. Greenhouse Gas Emissions Management

The Group places great emphasis on the management of GHG emissions during its operations. In line with established emission reduction targets and strategies, we have steadily advanced relevant measures and continue to refine them. The primary sources of GHG emissions for Beijing Denox are electricity usage in office facilities and fuel combustion from vehicles, while for Gu'an Denox, emissions mainly arise from natural gas combustion in production equipment. To effectively reduce carbon emissions, we have continued to promote multiple emission reduction actions during the Reporting Period, comprehensively reducing GHG emissions through energy structure optimisation, equipment technological transformation, operational energy conservation management, and green commuting:

Categories	Measures
Company Vehicle Management System	<ul style="list-style-type: none"> <li>Establish a company vehicle management system, conducting monthly statistics and analysis of fuel consumption and toll fees</li> <li>Require employees to prioritise the use of public transportation, company shuttle buses, or carpooling to reduce the frequency of private car use and fuel consumption, thereby reducing transportation carbon emissions at the source</li> </ul>
Office Energy Saving Measures	<ul style="list-style-type: none"> <li>Control summer air conditioning temperature at 26°C, scientifically set cooling intensity to reduce energy consumption</li> <li>Power off office areas completely after work to avoid standby losses and ineffective energy use</li> <li>Promote online meetings to reduce business travel</li> </ul>
Process Optimisation and Upgrades	<ul style="list-style-type: none"> <li>Optimise the way heat energy is used in the drying and humidification processes, improve energy utilisation efficiency through equipment transformation, shorten heating time under the same conditions, and reduce gas consumption and carbon emissions</li> </ul>
Natural Gas to Electricity Plan	<ul style="list-style-type: none"> <li>Procure electric calcining kilns to gradually replace existing gas calcining kilns, reducing direct GHG emissions from gas combustion</li> </ul>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 3.1.3. Wastewater Discharge Management

The Group's major sources of wastewater are industrial wastewater from production facilities and domestic sewage from offices. Domestic sewage includes wastewater from daily office areas and canteens, while production wastewater encompasses equipment cleaning wastewater, painting rinse wastewater, and spray tower wastewater.

The infographic consists of two main light blue rounded rectangular boxes. The left box is titled 'Domestic sewage' and contains two smaller white rounded rectangular boxes with blue borders. The right box is titled 'Wastewater generated from the production process' and also contains two smaller white rounded rectangular boxes with blue borders.

**Domestic sewage**

Domestic sewage generated from daily office work is discharged from the sewage system of the building to the municipal pipeline for integrated treatment.

Canteen wastewater is treated in a grease trap before being combined with domestic sewage and discharged into the on-site septic tank.

**Wastewater generated from the production process**

Part of the ammonia-containing wastewater undergoes pre-treatment using spray towers and a chemical precipitation method (with the addition of magnesium chloride and sodium dihydrogen phosphate) before being discharged into the industrial park's sewage network, ultimately reaching the wastewater treatment company for centralized purification.

A production wastewater treatment station and a main discharge outlet have been established within the production facility, employing multiple treatment processes to ensure that the water quality complies with the *Integrated Wastewater Discharge Standard* (GB 8978-1996) and the influent quality requirements of the wastewater treatment company.

At the same time, the Group attaches great importance to the management of wastewater discharge from construction projects. Gu'an Denox implemented a rainwater and sewage separation system in its construction projects, significantly improving wastewater management efficiency.

To further enhance water resource utilisation efficiency, the Group actively promotes water reuse and resource recycling measures, reusing part of the treated water for factory cleaning and green space irrigation, effectively reducing the volume of wastewater discharged. Additionally, we regularly engage third-party professional organisations to conduct water quality testing on discharged wastewater to ensure all indicators meet environmental requirements, ensuring environmental safety and compliance. During the Reporting Period, the Group's total wastewater discharge amounted to 1,613.00 metric tonnes.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 3.1.4. Waste Handling

The Group places a high priority on waste management, strictly adhering to national laws and regulations such as the *Standard for Pollution Control on the Non-Hazardous Industrial Solid Waste Storage and Landfill* (GB 18599-2020) and the *Standard for Pollution Control on Hazardous Waste Storage* (GB 18597-2023). We implement standardised management across all stages of waste handling, including packaging, storage, and landfill disposal. To enhance management efficiency, the Group has formulated the *Gu'an Denox Waste Management Procedures* and the *Gu'an Denox Hazardous Waste Emergency Response Plan*. These documents further ensure compliance in waste management and the effectiveness of emergency handling.

Policies	Purposes	Regulations
<i>Gu'an Denox Waste Management Procedures</i>	Focuses on regulating the daily management, ledger establishment, and accident reporting requirements for hazardous waste, aiming to ensure the safe control and traceability of information throughout the entire hazardous waste process.	<ul style="list-style-type: none"> <li>Clearly stipulates that hazardous waste must be stacked in designated storage areas, with clear markings and a clean site, and a dedicated person responsible for inbound, outbound, and ledger registration. The responsible person must truthfully record waste types, quantities, flow directions, and disposal methods, and establish a declaration management ledger.</li> <li>Specifies the procedures for rapid reporting and result reporting of environmental accidents, and establishes an environmental protection post responsibility system, requiring all departments to implement safety and environmental responsibilities, strengthen on-site supervision and education training, and promote the standardisation, institutionalisation, and long-term effectiveness of the Group's hazardous waste management.</li> </ul>

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Policies	Purposes	Regulations
<p><i>Gu'an Denox Hazardous Waste Emergency Response Plan</i></p>	<p>Aims to establish an emergency prevention and response system for hazardous waste accidents, ensuring that sudden environmental incidents can be responded to and controlled promptly and effectively.</p>	<ul style="list-style-type: none"> <li>• Clarifies the guidelines, principles, and scope of application for emergency work, establishes an emergency command headquarters led by the Commander, and sets up specialised groups under it for coordination and command, support, response, and information liaison, with clear division of responsibilities and accountability.</li> <li>• Provides detailed regulations on accident classification, warning measures, on-site disposal, rescue and evacuation, accident reporting procedures, etc., and puts forward requirements for emergency equipment configuration and daily drills, ensuring rapid response, scientific command, effective prevention and control in case of fire, explosion, leakage, etc., minimising personal injury and environmental pollution risks.</li> </ul>

## *Hazardous Waste*

The Group's hazardous waste primarily originates from waste hydraulic oil, waste oil cotton yarn, waste cutting fluid, and waste paint buckets generated during production processes; waste sludge from wastewater treatment; and waste batteries, used ink cartridges, and discarded electronic products from daily office operations. To ensure the proper management of hazardous waste, we have established dedicated collection and storage areas equipped with clear labelling and record-keeping systems. Designated personnel are responsible for inspection and management to prevent the mixing of hazardous and non-hazardous waste. During the Reporting Period, all generated waste cutting fluids were strictly documented with detailed transfer information, including waste details, transportation records, and recipient information. This ensures that hazardous waste is entrusted to qualified third-party treatment units for unified processing and safe disposal, achieving a 100% safe disposal rate for hazardous waste.

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## *Non-hazardous Waste*

In terms of non-hazardous waste management, the Group has implemented strict classification, collection, and centralised storage for waste generated during production processes, such as dust and metal shavings, as well as waste from daily operations, including food waste and general refuse. These are ultimately handed over to local property management companies for compliant disposal. To further reduce the generation of non-hazardous waste, we have established dedicated wastepaper collection areas in office spaces, encouraging employees to minimise unnecessary paper usage and enhance paper utilisation through secondary use, such as printing on the reverse side or other effective reuse methods. Additionally, we actively promote awareness among employees regarding waste recycling and resource reuse, driving the adoption of green office practices and contributing to the achievement of the Group's sustainable development goals.

## Waste Reduction Measures

The Group has established a series of waste reduction targets and continues to refine related plans based on the implementation progress of measures. To more effectively achieve waste reduction objectives, we actively promote waste recycling and reuse, striving to maximise resource efficiency and fully utilise waste generated during daily production and operations.

Continue to promote the "Clean Plate Campaign" to eliminate food waste in canteens and put the concept of economical dining into practice

Reduce the use of disposable items by refraining from providing disposable utensils and encouraging employees to bring their own

Strengthen waste classification promotion and enhance employees' environmental awareness through publicity and training

Advocate for a paperless office by sharing internal documents electronically to reduce paper usage

Promote green printing and economical procurement by encouraging double-sided printing and on-demand procurement of office supplies to reduce resource consumption and implement the principles of green office practices

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## Case: Waste Cutting Fluid Storage Facility in Gu'an Denox



To ensure that the disposal of hazardous waste complies with legal and regulatory requirements and effectively reduce the risk of related incidents, the Group has established a dedicated hazardous waste storage area at Gu'an Denox, equipped with comprehensive fire-fighting equipment and clear safety signs. This area provides standardised management for various types of hazardous waste generated during the production process, ensuring safe control throughout the entire waste lifecycle.



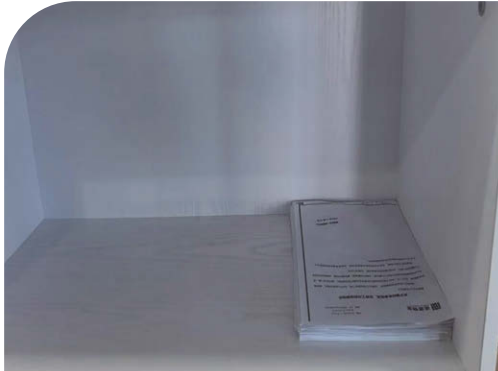
## Case: Waste Sorting Area in Beijing Denox



To enhance the efficiency of waste resource utilisation, Beijing Denox has installed clearly labelled and colour-coded waste separation bins in office and public areas, strictly categorised into hazardous waste, recyclables, and other waste. Additionally, the Group places great emphasis on promoting and implementing environmental concepts. Through various methods such as organising thematic training sessions, producing informational brochures, and displaying sorting guidelines, we have systematically educated all employees on waste sorting knowledge. Through continuous publicity and practical guidance, employees have gradually developed good waste sorting habits, enabling them to consciously and accurately sort waste.

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## Case: Paper Recycling and Reuse Area



The Group consistently upholds the principles of green development and actively promotes the reduction of non-hazardous waste. As a practical initiative, Beijing Denox has established a dedicated area for the reuse of secondary paper in office spaces. By implementing a comprehensive paper recycling and reuse mechanism, we encourage employees to develop awareness of paper conservation. The Company has clearly stipulated that all single-sided paper used must be stored in designated areas for departmental use as needed, such as for draft printing, internal document copying, and other informal purposes. Additionally, through internal announcements and digital screen reminders, we continuously advocate the environmental principle of “no printing unless necessary”, encouraging employees to prioritise electronic documents for work communication.

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## 3.1.5. Noise Management

The Group places significant emphasis on noise pollution prevention and control during production and operational processes, integrating noise management into our environmental management system. We continuously refine our mitigation measures to fulfil our corporate environmental protection responsibilities. The primary source of noise originates from the operation of production facilities at Gu'an Denox. In accordance with regulatory requirements such as the *Emission standard for industrial enterprises noise at boundary* (GB 12348-2008), the Group has developed and implemented a Control Procedure of Noise, establishing a comprehensive noise management mechanism throughout all operational stages.

In the equipment selection stage, the Group prioritises the procurement of low-noise, and high-efficiency advanced equipment. We rigorously implement noise insulation and vibration reduction measures during installation to control noise at the source. Throughout production and operations, the Group has established a professional noise monitoring system equipped with advanced detection devices to conduct regular monitoring and evaluation of noise levels at the facility boundaries, ensuring continuous compliance with all relevant standards. Additionally, noise prevention is integrated into daily environmental management practices, with regular inspections and assessments conducted to identify and address potential issues promptly, thereby continuously optimising noise control effectiveness.

### Noise Management

- Priority is given to high-efficiency, low-noise equipment meeting national standards
- A noise assessment ensures new equipment compliance; non-compliant items are fitted with soundproofing or silencers
- Vibration-prone equipment uses rubber or spring dampers
- Standardized procedures prevent abnormal noise from improper operation
- A preventive maintenance system ensures optimal performance and minimizes noise through regular inspections and upkeep

By establishing a comprehensive noise control system, the Group has effectively improved the working environment for employees and significantly reduced the environmental impact on surrounding communities. During the Reporting Period, Gu'an Denox maintained a 100% compliance rate in noise monitoring at the facility boundaries, with no noise-related complaints from the public. Moving forward, the Group will continue to increase investment in environmental protection, actively explore innovative noise control technologies, and continuously enhance environmental management standards, contributing positively to the creation of green factories and the advancement of ecological civilisation.

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## 3.2. Resource Utilisation

The Group attaches great importance to resource use management, considering it a core lever for promoting green operations. We have established a management system covering energy, water resources, and raw materials. Through refined control and technological innovation, we continuously improve resource utilisation efficiency, constantly monitor and enhance the performance of various resource uses, to reduce the environmental impact of the Group's resource consumption.

### 3.2.1. Energy Consumption

The Group's energy consumption is mainly purchased electricity and natural gas. To effectively reduce resource consumption and uphold sustainable development principles, we have developed and implemented the *Energy Conservation and Consumption Reduction Management Procedures*, establishing a comprehensive energy management system. This procedure mandates the Equipment Management Department to systematically monitor and record electricity, natural gas, and water consumption, setting scientific energy consumption targets aligned with annual production plans and allocating these targets to relevant departments for implementation. Additionally, we have introduced a monthly evaluation mechanism to regularly assess the achievement of energy-saving goals, continuously optimise management strategies, and continuously improve energy use efficiency, helping the enterprise's green and low-carbon operations and sustainable development.

During the Reporting Period, the energy conservation measures implemented by the Group include:

Develop energy saving and management plans (e.g., air conditioning at 26 °C, setting the on/off time for lighting equipment) to prevent waste.

Establish and improve equipment maintenance and upkeep plans to ensure long-term stable operation of equipment and continuously optimize energy efficiency.

Replace traditional high-energy-consuming lamps with LED energy-saving lighting, achieving an energy saving rate of over 98%.

Implement energy-saving retrofits for old equipment, optimizing power loads through variable frequency technology and smart control systems.

Replace original IE1/IE2 energy-efficiency motors with IE4/IE5 ultra-efficient motors in production power systems, continuously improving energy efficiency levels.

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Through the effective implementation of the aforementioned measures, the Group has achieved standardised management of energy during the Reporting Period, with no instances of abnormal usage. At the same time, the Group will continue to improve its environmental data management system, strengthen the supervision and evaluation mechanism for the implementation of energy-saving measures, regularly count and disclose relevant performance data, and promote green and low-carbon development in a more transparent and standardised management manner, effectively fulfilling the enterprise's sustainable development responsibility.

## 3.2.2. Water Consumption

The Group's water consumption is entirely supplied by municipal tap water, and there is no risk or supply issue in sourcing water fit for purpose. The Group's water conservation work is carried out in accordance with the *Energy Conservation and Consumption Reduction Management Procedures*. By establishing water monitoring and statistical mechanisms, strengthening equipment maintenance, and promoting water recycling and reuse, we continuously improve water use efficiency.

### Water Conservation Measures



- Posting water-saving signs and slogans
- Conducting regular inspections and promptly repairing or replacing equipment in cases of leaks
- Promptly repairing any leaks, drips, or other issues found during inspections
- Recycle and reuse wastewater from water production facilities for use in scrubbers and floor cleaning

### Case: Recycling and Reuse of Wastewater from Water Softening Equipment



To further enhance water resource utilisation efficiency, during the Reporting Period, the Group carried out work on recycling and reusing wastewater from water softening equipment. Through technological transformation of existing water softening equipment, wastewater generated during the production process is treated and reused to replenish newly built spray towers, achieving the recycling of water resources. As of the end of this Reporting Period, the transformation of the first piece of equipment has been successfully completed and put into operation, with stable operating results, significantly reducing the use of tap water for the new facility, while the transformation of another piece of equipment is progressing in an orderly manner. Upon completion of all transformations, it is expected to save approximately 210 tonnes of water per month.

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In the future, the Group will continue to deepen energy and water conservation efforts. While continuously exploring innovative technologies and management models, we will promote the development of energy and water resource management towards refinement and intelligence, continuously contributing to the enterprise's green transformation and sustainable development.

### 3.2.3. Raw Materials and Other Resource Consumption

The Group consistently upholds the sustainable development principle of “maximising resource utilisation and minimising waste”, continuously advancing efforts to reduce the use of raw materials and packaging in production processes, actively exploring innovative directions for green manufacturing. Through multiple initiatives such as packaging material optimisation, production technology improvement, and product design innovation, the Group continuously improves resource utilisation efficiency, achieves effective conservation of raw materials and other resources, and promotes the transformation of production and operations towards green efficiency.

Packaging Material Optimisation	Production Technology Improvement	Product Design Innovation
Promote the innovative use of honeycomb packaging to replace traditional steel straps, effectively reducing material consumption and packaging costs, while reducing customers' environmental burden in downstream waste disposal.	Research and apply thin-wall product technology, promoting product lightweight design, significantly improving raw material use efficiency.	Successfully develop thin-walled products, further achieving material reduction while ensuring product performance, demonstrating significant improvement in product structure lightweighting and material utilisation efficiency.

During the Reporting Period, the Group continued to promote material saving and consumption reduction in the production process, continuously improving raw material use efficiency through process improvements and material substitution.

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## Case: Volatile Oil Substitution Technology Application



During this Reporting Period, the Group introduced a volatile oil substitution process in the mesh pulling production stage to reduce the use of lubricating oil and cleaning auxiliary materials in the mesh plate manufacturing process. Since its implementation in August 2025, this measure has effectively reduced the reliance on lubricating oil on the mesh plate surface, while significantly decreasing the consumption of degreasers and defoamers during the cleaning process. According to internal statistics, degreaser consumption has been reduced by approximately 180 kg per month, and defoamer by about 15 kg, a decrease of about 30% compared to before the transformation. This improvement not only reduces the consumption of auxiliary materials but also further alleviates the pressure on wastewater treatment.

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## 3.3. Climate Change

Globally, governments and regulatory bodies are increasingly focusing on and strengthening oversight of climate change issues, making climate-related risk management and disclosure requirements critical to corporate sustainability. In this context, the Group actively aligns with regulatory trends, deeply commits to environmental responsibilities, and closely follows the national “Carbon Peak and Carbon Neutrality” strategic goals, comprehensively advancing climate-related actions. With reference to the climate-related disclosure requirements in Part D of the ESG Reporting Code, the Group has identified and disclosed climate risks and opportunities closely related to business operations from the four core areas of “Governance”, “Strategy”, “Risk Management”, and “Metrics and Targets”, analysed their potential financial impacts, and formulated corresponding management measures and action plans, continuously improving the scientific management of climate issues and the transparency of information disclosure.

### 3.3.1. Governance

To further strengthen and standardise the Group’s management of climate change issues, the Group has formally integrated climate governance roles into the overall ESG governance structure, clarifying the management requirements and responsibilities for climate-related work. The Group’s climate governance framework is coordinated by the Board of Directors for overall decision-making, promoted by the ESG Working Group, and implemented by various functional departments, building a top-down climate management responsibility system to ensure the effective implementation of climate-related strategies, targets, and actions.

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In the future, the Group will be committed to deepening the development of climate governance capabilities by providing systematic climate change governance training for relevant personnel, continuously improving professional competence. At the same time, we will also prudently study the feasibility of incorporating climate performance indicators into the compensation system to further strengthen the driving force for climate action.

For details on how climate governance roles are integrated into the Group's overall ESG governance structure, please refer to the "2. Governance in Sustainable Development" section, "2.1. ESG Governance Structure" of this Report.

### **3.3.2. Strategy**

At the strategic level, the Group systematically incorporates climate-related risks and opportunities into its overall development strategy and business decisions, aligning with the national "dual carbon" goals and industry development trends, and comprehensively plan its business layout, investment direction, and operational management. At the same time, based on different climate scenarios, we further identify and analyse the potential impacts of climate risks and opportunities on business activities, carry out relevant financial impact assessments, to enhance resilience and capacity to cope with climate change, comprehensively supporting the Group's long-term sustainable development.

#### ***Identification, Assessment, and Management of Climate Risks and Opportunities***

The Group assesses climate-related risks and opportunities based on two dimensions: "influence of risk/opportunity impact" and "likelihood of risk/opportunity occurrence", to determine the potential impact of each climate risk and opportunity on business and operations. During the Reporting Period, the Group confirmed 1 physical risk, 1 transition risk, and 2 potential opportunities as material climate risks and opportunities, and further optimised relevant management measures and response strategies to enhance the Group's overall climate resilience.

The following table details the identified material climate risk/opportunity types, risk/opportunity description and potential impact, impact period, impact level, and the response measures/action plans adopted by the Group.

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Risk/Opportunity Type	Impact Period	Impact on Strategy/ Business Model	Risk Response Measures/ Action Plans
<b>Physical Risk</b>			
Acute Physical Risk: <ul style="list-style-type: none"> <li>• Fire</li> </ul>	Short to Medium term	Drier and hotter conditions caused by climate change increase the risk of fire. The production process involves high-temperature calcination. In extremely dry weather, the risk of fire igniting surrounding vegetation or flammable materials in the plant area increases significantly. Meanwhile, voltage fluctuations caused by extreme weather may lead to electrical fires. Once a fire occurs, it can directly destroy production lines and inventory, resulting in significant asset losses and business interruption.	<ul style="list-style-type: none"> <li>• Establish a fire emergency and prevention mechanism. The Group has clearly stipulated in the <i>Emergency Preparedness and Response Control Procedure</i> the configuration of fire-fighting equipment such as fire extinguishers, the placement of no-smoking signs and labels, and the regular inspection of fire-fighting equipment and key inspections of flammable and explosive areas to prevent fires.</li> <li>• Define the emergency response procedures in the event of a fire, stipulating that in the event of a fire or other emergencies, immediate reporting is required, power supply must be cut off, on-site rescue shall be conducted under unified command, and the emergency response shall be carried out with the primary principle of ensuring personnel safety and minimizing personal injury.</li> </ul>

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Risk/Opportunity Type	Impact Period	Impact on Strategy/ Business Model	Risk Response Measures/ Action Plans
			<ul style="list-style-type: none"> <li>Clearly define fire as an incident type, implement graded management based on the extent of losses, require investigations, liability determination, and corrective actions to be carried out in accordance with procedures after a fire, and establish corrective measures to prevent similar incidents from recurring.</li> <li>Clearly define fire as an incident type, implement graded management based on the extent of losses, require investigations, liability determination, and corrective actions to be carried out in accordance with procedures after a fire, and establish corrective measures to prevent similar incidents from recurring.</li> </ul>

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Risk/Opportunity Type	Impact Period	Impact on Strategy/ Business Model	Risk Response Measures/ Action Plans
<b>Transition Risk</b>			
<p>Technical Risks</p> <ul style="list-style-type: none"> <li>• Low-carbon transition technology cost</li> </ul>	Medium to Long term	To meet low-carbon production requirements, the Company may need to upgrade or replace existing high-energy-consuming production equipment (such as kilns and drying equipment). Switching to electrified or more efficient low-carbon equipment will lead to increased upfront investment and accelerated depreciation, resulting in higher operating costs.	<ul style="list-style-type: none"> <li>• Significantly improved material utilisation efficiency and energy consumption performance by optimizing the calcination process and formulation design of kiln products, ensuring product performance meets standards while achieving carbon reduction and emission reduction.</li> <li>• Implemented equipment technological upgrades, such as upgrading to high-efficiency energy-saving kilns, equipping variable frequency motors, adopting low-nitrogen burners, while actively promoting the use of IE1/IE2 energy-efficiency motors to improve overall energy efficiency levels.</li> <li>• Strengthened the R&amp;D management system, focused on the research and development of low-carbon and high-efficiency industrial products (such as industrial catalysts, CO catalysts, etc.), accelerated the transformation of technological achievements, and established supporting incentive mechanisms to mitigate the cost increase risks associated with the low-carbon transition.</li> </ul>

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Risk/Opportunity Type	Impact Period	Impact on Strategy/ Business Model	Risk Response Measures/ Action Plans
<b>Opportunities</b>			
Resource Efficiency Improvement	Short-Medium-Long term	In the catalyst production and manufacturing process, energy and raw material (such as titanium dioxide) utilisation efficiency are improved by optimizing kiln firing processes, introducing waste heat recovery systems, and adopting automated production lines. This not only directly reduces the production cost per unit of product, but also lowers carbon emissions during the production process, enhancing the product's competitiveness in the green supply chain.	<ul style="list-style-type: none"> <li>• Transitioned from horizontal firing to vertical firing, significantly improving the energy efficiency of the calcination process. According to internal statistics, this improvement significantly reduces annual electricity consumption and saves on electricity costs.</li> <li>• Innovatively developed a thinning process in the plate-type product sector. By optimizing pressure roller parameters and improving material formulations, the issue of roller sticking during high-pressure production was effectively resolved. This process achieves significant raw material savings while ensuring product performance meets standards.</li> </ul>

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Risk/Opportunity Type	Impact Period	Impact on Strategy/ Business Model	Risk Response Measures/ Action Plans
Climate Resilience	Medium to Long term	By adapting production bases to withstand extreme weather events (such as heavy rainfall, flooding, and high temperatures) and establishing a diversified raw material supply system (to prevent supply disruptions from a single origin due to climate-related causes), the Company can enhance its ability to ensure continuous delivery in an environment of frequent climate disasters. This positions the Company as “the most reliable partner” for downstream major power and industrial customers, thereby securing long-term order advantages.	<ul style="list-style-type: none"> <li>• The Procurement Department establishes multiple supplier channels for the same procurement product, enabling a switch in supply sources during unexpected situations such as extreme weather, thereby reducing supply chain dependency.</li> <li>• Formulated and implemented the <i>Emergency Plan for Strong Winds of Level 4 and Rainy Season Flood Control Emergency Plan</i>, further improving the extreme weather risk prevention and control system.</li> <li>• Pre-stocked key emergency supplies such as windbreaks, flood control materials, and drainage equipment, and established inventory lists, regular inspection mechanisms, and rapid allocation procedures to ensure timely deployment during extreme weather events such as heavy rain and strong winds.</li> <li>• Enhanced the self-rescue capabilities of all personnel through regular training and annual practical drills, and quickly carried out equipment repairs, work resumption, customer communication, and personnel arrangements after disasters to ensure the restoration of production operations.</li> </ul>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *Climate Scenario Analysis*

To systematically assess the potential impacts of climate change on the Group's business, operations, and financial performance under different future scenarios, the Group has selected internationally recognised climate scenario models and key parameters. It conducts forward-looking analysis of climate-related risks and opportunities, evaluating the potential impact of transition and physical risks under different climate pathways, supporting decision-making processes in strategic planning, risk management, and capital allocation.

<b>Operation Scope</b>	<ul style="list-style-type: none"><li>• The Group's main operating locations within Mainland China</li></ul>
<b>Time frame</b>	<ul style="list-style-type: none"><li>• Short term: Present to 2030</li><li>• Medium term: 2031 to 2040</li><li>• Long term: 2041 to 2060</li></ul>
<b>Scenario Assumptions</b>	<ul style="list-style-type: none"><li>• It is anticipated that the geographical location of assets will remain unchanged for the foreseeable period under the 2025 analysis.</li><li>• Disclosure practices are aligned with the climate-related disclosure listing rules and requirements set by the Hong Kong Stock Exchange.</li><li>• Mitigation measures are assumed to remain constant (i.e., for the purpose of climate scenario analysis, currently implemented policy measures to mitigate climate change are assumed not to change in the future).</li><li>• The carbon neutrality target for Mainland China is held constant, i.e., achieving carbon neutrality by 2060.</li></ul>

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Climate Scenarios Selection		
Publisher	Low Emission Scenario	High Emission Scenario
United Nations Intergovernmental Panel on Climate Change (IPCC)	Shared Socioeconomic Pathway SSP1-2.6 <sup>1</sup>	Shared Socioeconomic Pathway SSP5-8.5 <sup>2</sup>
International Energy Agency (IEA)	NZE <sup>3</sup> (Net Zero Emissions by 2050 Scenario)	STEPS <sup>4</sup> (Stated Policies Scenario)

Key Parameters of Low Emission and High Emission Scenarios		
	Low Emission Scenario	High Emission Scenario
Physical Environment		
Global mean temperature increase	About 1.5°C by 2040, 1.7°C by 2060, and 1.8°C by 2100	About 1.6°C by 2040, 2.4°C by 2060 and 4.4°C by 2100
Global mean sea level increase	It could reach 0.19 metres (with a likely range of 0.16-0.25 metres) by 2050 and 0.44 metres (with a likely range of 0.32-0.62 metres) by 2100	It could reach 0.23 metres (with a likely range of 0.20-0.29 metres) by 2050 and 0.77 metres (with a likely range of 0.63-1.01 metres) by 2100
Climate change impacts	Relatively stable	Significant (e.g., increased frequency and severity of floods, extreme weather events)

- 1 A relatively optimistic sustainable development pathway within the SSP framework, aimed at limiting global warming and restricting the global average temperature rise to within 2°C by the end of this century. The SSP1-2.6 scenario is categorized as a “sustainability” pathway in terms of socio-economic characteristics, emphasizing sustainable economic growth and social well-being, while adopting proactive emission reduction and sustainable development measures.
- 2 A highly pessimistic, high-emission development pathway within the SSP framework, representing a future characterized by fossil-fuel-driven economic growth and insufficient climate action. Under this scenario, the global economy continues to develop rapidly, but the energy system remains heavily dependent on coal, oil, and natural gas. Greenhouse gas emissions continue to rise throughout the century, with the global average temperature expected to increase by approximately 4°C or more above pre-industrial levels by 2100.
- 3 A pathway assumed by the IEA for the global energy sector to achieve net-zero CO<sub>2</sub> emissions by 2050. This is consistent with the goal of limiting long-term global warming to 1.5°C with limited overshoot (50% probability). It also aligns with the energy-related goals of the UN Sustainable Development Goals (SDGs), particularly achieving universal access to modern energy services by 2030 and ensuring significant improvements in air quality.
- 4 A development pathway assumed by the IEA in which the global energy system progresses according to energy and climate policies already enacted or formally committed to by various countries. Under this assumption, global greenhouse gas emissions will remain high in the coming decades, potentially leading to a global temperature rise exceeding 2.5-3°C.

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Key Parameters of Low Emission and High Emission Scenarios		
	Low Emission Scenario	High Emission Scenario
Socio-Economic Environment		
Economic development	A more inclusive economic development that respects the perceived environmental boundaries	Economic growth and technological advancement are fuelled by fossil fuels, resulting in high levels of GHG emissions by 2100, which can exacerbate extreme weather events
Climate policies	Mainland China and Hong Kong SAR have committed to achieving net-zero emissions and have formulated detailed short-term targets and action plans. Mainland China has committed to peaking carbon emissions by 2030 and achieving carbon neutrality by 2060, while Hong Kong SAR has committed to achieving carbon neutrality by 2050.	Due to systemic, political, and economic barriers, i.e., policy inertia, there is a lack of new climate policies
Policy Implementation	Strict climate policies are primarily implemented by the governments of Mainland China and Hong Kong SAR, with low implementation difficulty.	lack of detailed short-term actions and implementation plans
Common business model	Rapid shift from a fossil fuel-dependent economy to a renewable energy driven economy	Profit driven business model with only casual consideration of environmental and social impacts
Level of commitment	Corporates are committed to contributing to national and regional climate action goals, i.e. business partners work together to achieve lower-carbon operations	Insufficient public environmental awareness to drive system change

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Climate Resilience

Based on the analysis of significant climate-related risks and opportunities under different scenarios, reference indicators, and time horizons, the Group's climate resilience performance can be comprehensively assessed, taking into account factors such as its business characteristics and geographical environment.

The figure below presents the results of the Group's climate resilience assessment:

Physical Risk	Low-Emission Scenario			High-Emission Scenario		
	Short-term (Present-2030)	Medium-term (2031-2040)	Long-term (2041-2060)	Short-term (Present-2030)	Medium-term (2031-2040)	Long-term (2041-2060)
Fire	Low	Low	Not Applicable	Medium	High	Not Applicable
Transition Risk	Low-Emission Scenario			High-Emission Scenario		
	Short-term (Present-2030)	Medium-term (2031-2040)	Long-term (2041-2060)	Short-term (Present-2030)	Medium-term (2031-2040)	Long-term (2041-2060)
Low-Carbon Technology Transition Cost	Not Applicable	Medium	Low	Not Applicable	Low	Medium

Value at Risk<sup>5</sup>: Not Applicable Low Medium High

Opportunity	Low-Emission Scenario			High-Emission Scenario		
	Short-term (Present-2030)	Medium-term (2031-2040)	Long-term (2041-2060)	Short-term (Present-2030)	Medium-term (2031-2040)	Long-term (2041-2060)
Resource Efficiency Improvement	Medium	High	High	Low	Medium	Medium
Climate Resilience	Not Applicable	Medium	High	Not Applicable	Low	Low

Value of Opportunity<sup>6</sup>: Not Applicable Low Medium High

5 According to the climate scenario analysis in the *Implementation Guidance for Climate Disclosures under HKEX ESG reporting framework*, a higher degree of value at risk indicates a greater potential impact of climate-related risks on the Company's asset value and financial condition, requiring the Company to take more measures to enhance climate resilience.

6 According to the climate scenario analysis in the *Implementation Guidance for Climate Disclosures under HKEX ESG reporting framework*, a higher degree of value of opportunity indicates a more significant positive impact of climate-related opportunities on the Company's potential asset value and financial performance, and a greater extent to which the Company can benefit from the relevant trends.

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## Financial Impact Analysis

Building upon the climate scenario analysis, the Group has conducted a quantitative financial impact assessment related to climate change. This evaluates the potential effects of material climate risks and opportunities on the Group's asset values, operating costs, revenue structure, and overall financial performance under various scenarios. The analysis serves as a reference for management to comprehend these implications and make informed decisions.

Material Risks/Opportunities		Financial Impact
Acute Physical Risks	Fire	<ul style="list-style-type: none"> <li>• <b>Current Financial Impact:</b> None.</li> <li>• <b>Expected Financial Impact:</b> If the frequency of extreme high temperatures, droughts, or electrical failures increases and triggers more fire incidents, it is expected to amplify production downtime, major asset losses, increased insurance premiums, and potential fines and compensation claims. This will have a medium to long-term negative impact on annual profit, cash flow, and capital expenditure requirements.</li> </ul>
Technical Risks	Low-Carbon Technology Transition Cost	<ul style="list-style-type: none"> <li>• <b>Current Financial Impact:</b> Upgrading or replacing certain high-energy-consuming equipment has resulted in one-time retrofit investments and accelerated depreciation, creating upward pressure on operating costs in the short term.</li> <li>• <b>Expected Financial Impact:</b> If the low-carbon transformation accelerates, significant one-time retrofit/procurement expenditures and higher depreciation will continue in the medium term, suppressing profits and free cash flow in the short term while increasing capital expenditure needs. In the long term, electrification and efficient equipment are expected to reduce energy costs and compliance risks, but sustained financial pressure from rising procurement costs for low-carbon equipment and asset stranding remains.</li> </ul>

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Material Risks/Opportunities		Financial Impact
Opportunities	Climate Resilience	<ul style="list-style-type: none"> <li>• <b>Current Financial Impact:</b> Through continuous improvements in production processes, a reduction in energy consumption and raw material usage per unit of product has been achieved, leading to direct production cost savings and a modest improvement in gross profit and operating cash flow. Some of these savings offset increases in maintenance or energy costs.</li> <li>• <b>Expected Financial Impact:</b> Continued promotion of electrification, efficient equipment, and process optimisation is expected to significantly reduce energy expenses and unit production costs in the medium to long term, enhance profitability and bidding competitiveness, and improve free cash flow. However, significant one-time capital expenditure for retrofits and depreciation pressure will still need to be borne in the short term.</li> </ul>
	Resource Efficiency Improvement	<ul style="list-style-type: none"> <li>• <b>Current Financial Impact:</b> Adapting production bases to withstand extreme weather and diversifying raw material sources has resulted in certain capital expenditures and increased operating costs. However, it has also reduced the probability of short-term production interruptions caused by heavy rain, high temperatures, etc., leading to a decrease in revenue volatility and a modest improvement in delivery reliability to major power and industrial customers.</li> <li>• <b>Expected Financial Impact:</b> As the frequency of climate disasters increases, comprehensive climate resilience measures are expected to significantly reduce production downtime and sudden losses, improve the rate of winning medium to long-term orders, and enhance revenue predictability, thereby reducing profit volatility and improving cash flow stability. However, capital expenditure for maintenance and upgrades will continue to be required in the medium term.</li> </ul>

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## 3.3.3. Risk Management

The Group has integrated climate-related matters into its overall operational risk assessment and management system, establishing a comprehensive climate risk and opportunity management process, and continuously carrying out the identification, assessment, and control of climate risks and opportunities. During the Reporting Period, the Group systematically identified and assessed climate-related risks and opportunities, and further analysed their potential financial impacts on this basis. At the same time, scenario analysis was conducted based on different climate transition and physical risk scenario assumptions to assess the Group's risk tolerance under various climate pathways, providing a scientific basis and decision support for the Group's strategic decision-making and long-term development planning.

### Process for Climate Risk Assessment, Financial Impact Analysis, and Scenario Analysis

#### 1. Climate Risk and Opportunity Identification

Referencing industry disclosure practices, research materials, and the policy environment, combined with the characteristics of its own value chain and operating regions, systematically identify climate risks and opportunities related to the business, and establish a list of risks and opportunities.

#### 2. Climate Risk and Opportunity Assessment

From key dimensions such as degree of impact and likelihood of occurrence, comprehensively evaluate each climate risk and opportunity. Combine with internal management's professional judgment and cross-departmental opinions to conduct materiality analysis and prioritisation of related risks and opportunities, forming a climate risk and opportunity matrix.

#### 3. Scenario Analysis and Financial Impact Analysis

Select internationally accepted climate scenarios and key parameters to analyse the degree of impact of material climate risks and opportunities under different scenarios, and potential financial impacts.

#### 4. Response Measures and Continuous Improvement

Review and evaluate existing management measures, combined with industry best practices, formulate and optimise response action plans, and continuously improve climate risk management capabilities and business resilience.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 3.3.4. Metrics and Targets

To further strengthen GHG emissions data management, during this Reporting Period, the Group established a Scope 3 GHG accounting system and, in accordance with the *Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard*, orderly promoted the identification and calculation of Scope 3 emissions. Through a cross-departmental collaboration mechanism, the Group, based on the identified Scope 3 emission categories related to business operations, continuously improves the process of collecting, organising, and analysing GHG emission data, providing a reliable basis for subsequent carbon management and emission reduction decisions.

### GHG Scope 3 Categories Relevant to the Group's Business Operations<sup>7</sup>

Category 1: Purchased Goods and Services

Category 2: Capital Goods

Category 3: Fuel- and Energy-Related Activities (not included in Scope 1 or Scope 2)

Category 4: Upstream Transportation and Distribution

Category 5: Waste Generated in Operations

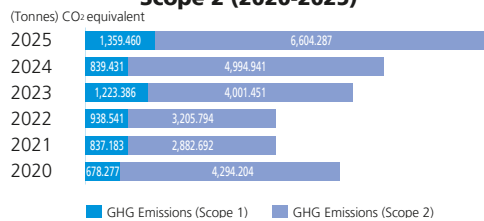
Category 6: Business Travel

Category 7: Employee Commuting

Category 8: Upstream Leased Assets

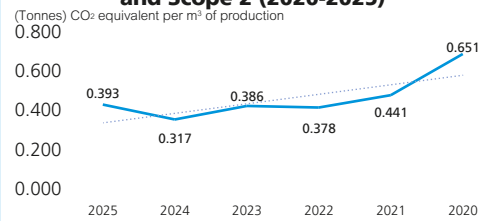
### GHG Emissions

#### GHG Emissions from Scope 1 and Scope 2 (2020-2025)



### GHG Emissions Intensity

#### GHG Emission Intensity from Scope 1 and Scope 2 (2020-2025)



<sup>7</sup> During the Reporting Period, the disclosure of Scope 3 greenhouse gas emissions primarily covers Gu'an Denox and Beijing Denox. Additionally, in view of the business nature of Europe Denox and USA Denox (which are primarily sales-oriented), emissions from employee air travel (Category 6: Business Travel) are also included within the scope of this disclosure.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *Climate-related Targets and Emission Reduction Commitments*

The Group attaches great importance to climate change issues and deeply integrates emission reduction actions into its overall corporate strategic planning. It has established standardised management processes and uses quantitative targets to guide the full cycle of climate action, covering “research, formulation, implementation, and evaluation”. Firstly, the Group comprehensively researches the emission status quo of the Group and the industry, conducts baseline analysis, clarifies the scope of GHG targets and the base year, and identifies main emission sources and current emission reduction measures. After setting targets, the Group continuously tracks implementation progress, combining monitoring results and performance evaluations to regularly review and dynamically optimise relevant strategies, ensuring that the emission reduction pathway is scientific, feasible, and effective.

The Group uses Scope 1 and Scope 2 GHG emissions as core indicators for setting climate targets, formulating clear absolute emission reduction targets. We promote carbon reduction synergistically from both operational and business levels to enhance climate change management capabilities and risk response levels, helping the Group steadily move towards low-carbon transformation. The scope of application of this target is consistent with the disclosure scope of the Group’s annual report’s environmental chapter, covering the Hong Kong office and related business segments, with the implementation period from 2023 to 2030, and 2023 as the base year.

### Quantitative Targets for GHG Scope 1 and Scope 2

<b>Intensity Target</b>	By 2030, the Group’s total Scope 1 and Scope 2 GHG emissions will decrease by 20% compared to the 2023 base year
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To achieve the above climate targets, the Group is promoting low-carbon transformation through multiple emission reduction initiatives, covering energy structure optimisation, equipment technological transformation, and operational energy conservation management. For details on the Group’s specific actions and results in reducing GHG emissions in actual operations, please refer to the “3.1 Environmental Management” section, “3.1.2 Greenhouse Gas Emissions Management” of this Report.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 3.4. Environmental Data<sup>8</sup>

The Group's primary products encompass plate-type catalysts, honeycomb catalysts and vehicle catalysts. Due to variations in market demand and production plans across different years, product output has fluctuated accordingly. The statistical data related to emissions and resource usage for the past three Reporting Periods are presented below:

### 3.4.1. Emissions Data

Emissions	Unit	Data <sup>9</sup>		
		2025	2024	2023
Air Emissions <sup>10</sup>				
Sulphur dioxide	Tonnes	0.031	0.020	0.025
Nitrogen oxides	Tonnes	0.208	0.176	0.163
Carbon monoxide	Tonnes	0.191	0.193	0.174
Total particulate matter	Tonnes	0.011	0.018	0.025
GHG Emissions				
Total GHG Emissions	Tonnes CO <sub>2</sub> equivalent	27,153.347 <sup>11</sup>	6,634.139	5,258.973
Intensity of total GHG emissions	Tonnes CO <sub>2</sub> equivalent per m <sup>3</sup> of production	1.341	0.360	0.389

- 8 The environmental data disclosed during the Reporting Period primarily covers Gu'an Denox and Beijing Denox, as the Group's main production and operation entities, including key environmental performance indicators such as air pollutants, non-hazardous waste, hazardous waste, and resource usage.
- 9 The intensity of environmental data of the Group is calculated based on the amount of catalysts produced in m<sup>3</sup>. The amount of catalysts produced in 2025 was 20,253.162 m<sup>3</sup>, including the production volume of plate-type catalysts, honeycomb catalysts, vehicle catalysts and corrugated catalysts.
- 10 The scope of air emissions includes those emitted from the fuel use of stationary sources, domestic cooking, vehicles and machineries. The calculation method for stationary source emissions refers to the *Environmental Impact Report for Gu'an Denox's Construction Projects*, and the calculation method for domestic source emissions refers to the *Emission Source Statistics Survey Emission Accounting Method* issued by the Ministry of Ecology and Environment of the People's Republic of China in 2021. The calculation method and related emission factors for vehicle emissions are based on the *Road Vehicles Air Pollutant Emission Inventory Preparation Technical Guide (Trial)* issued by the Ministry of Ecology and Environment of the People's Republic of China. The calculation method and related emission factors for atmospheric pollutant emissions from mechanical sources in the Group refer to the *Non-Road Mobile Source Air Pollutant Emission Inventory Preparation Technical Guide (Trial)* issued by the Ministry of Ecology and Environment of the People's Republic of China.
- 11 During the Reporting Period, the Group began establishing its accounting system for Scope 3 GHG emissions. As certain Scope 3 category data are newly included in this Reporting Period, the total GHG emissions and intensity for this Reporting Period are not directly comparable with data from previous years.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Emissions	Unit	Data <sup>9</sup>		
		2025	2024	2023
Scope 1: direct emissions <sup>12</sup>	Tonnes CO <sub>2</sub> equivalent	1,359.460	839.776	1,167.405
Intensity of Scope 1 emissions	Tonnes CO <sub>2</sub> equivalent per m <sup>3</sup> of production	0.067	0.046	0.086
Scope 2: indirect emissions related to energy <sup>13</sup>	Tonnes CO <sub>2</sub> equivalent	6,604.287	5,775.924	4,001.451
Intensity of Scope 2 emissions	Tonnes CO <sub>2</sub> equivalent per m <sup>3</sup> of production	0.326	0.313	0.296
Scope 3 <sup>14, 15</sup> : others indirect emissions	Tonnes CO <sub>2</sub> equivalent	19,189.601	18.784	34.136
Intensity of Scope 3 emissions	Tonnes CO <sub>2</sub> equivalent per m <sup>3</sup> of production	0.947	0.001	0.003

- 12 The scope of scope 1 GHG emissions includes the fuel use of stationary sources and cooking, vehicles and machineries, as well as the reduction from planted trees. The GHG emissions from stationary sources are calculated by referencing the calculation methods and emission factors in the *Calculation Method and Reporting Guidance on Greenhouse Gas Emissions for Other Industrial Enterprises (Trial)* issued by the National Development and Reform Commission of the People's Republic of China. The GHG emissions from vehicles are calculated by referencing the calculation methods and emissions factors in the *Calculation Method and Reporting Guidance on Greenhouse Gas Emissions for On-road Transportation Enterprises (Trial)* issued by the National Development and Reform Commission of the People's Republic of China. The GHG emissions from machineries are calculated by referencing the calculation methods and emissions factors in the *Calculation Method and Reporting Guidance on Greenhouse Gas Emissions for Other Industrial Enterprises (Trial)* issued by the National Development and Reform Commission of the People's Republic of China. The Group has 15 trees in total. The GHG emissions reduction from planted trees is calculated by referencing the calculation methods and emissions factors in the *Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong* published by the Electrical and Mechanical Services Department and Environmental Protection Department of Hong Kong.
- 13 The scope of scope 2 GHG emissions includes purchased electricity. The calculation method and relevant emission factors for GHG emissions from electricity use in 2025 are based on the *Announcement on the Release of 2023 CO<sub>2</sub> Emission Factors for Electricity* issued by the Ministry of Ecology and Environment. The calculation method and relevant emission factors for GHG emissions from electricity use in 2024 are based on the 2022 national average CO<sub>2</sub> emission factor for electricity, as stipulated in the *Announcement on the Release of 2022 CO<sub>2</sub> Emission Factors for Electricity* jointly issued by the Ministry of Ecology and Environment and the National Bureau of Statistics.
- 14 During the Reporting Period, the Group further refined its Scope 3 data accounting system. The categories of GHG emissions disclosed include: Category 1: Purchased goods and services; Category 2: Capital goods; Category 3: Fuel- and energy-related activities (not included in Scope 1 or Scope 2); Category 4: Upstream transportation and distribution; Category 5: Waste generated in operations; Category 6: Business travel; Category 7: Employee commuting; and Category 8: Upstream leased assets. As the scope of disclosure is more comprehensive compared to previous years, the Scope 3 data for this year is not directly comparable with that of prior years.
- 15 During the Reporting Period, the disclosure of Scope 3 GHG emissions primarily covers Gu'an Denox and Beijing Denox. Additionally, in view of the business nature of Europe Denox and USA Denox (which are primarily sales-oriented), emissions from employee air travel (Category 6: Business Travel) are also included within the scope of this disclosure.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Emissions	Unit	Data <sup>9</sup>		
		2025	2024	2023
Non-hazardous Wastes Produced				
Total non-hazardous wastes	Tonnes	29.394	12.361	12.584
Intensity of non-hazardous wastes	Tonnes per m <sup>3</sup> of production	0.001	0.001	0.001
– Domestic wastes and waste products	Tonnes	26.365	9.721	10.223
– Food wastes	Tonnes	/	/	/
– Production wastes	Tonnes	0.534	0.480	0.300
– Paper	Tonnes	0.095	0.110	0.111
– Dust	Tonnes	2.400	2.050	1.950
Hazardous Wastes Produced				
Total hazardous wastes (except ink cartridges and batteries)	Tonnes	4.351	3.901	3.000
Intensity of total hazardous wastes (except ink cartridges)	Tonnes per m <sup>3</sup> of production	2.148 x 10 <sup>-4</sup>	2.117 x 10 <sup>-4</sup>	2.219 x 10 <sup>-4</sup>
– Waste hydraulic oil	Tonnes	0.001	0.001	/
– Waste paint containers	Tonnes	/	/	/
– Waste sludge	Tonnes	4.350	3.900	3.000
– Ink cartridges	No.	/	1	4
– Batteries	No.	/	/	8

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 3.4.2. Resource Consumption Data

Resource	Unit	Consumption		
		2025	2024	2023
Energy Consumption <sup>16</sup>				
Total energy consumption	MWh	15,947.978	12,741.425	12,025.303
Intensity of total energy consumption	MWh per m <sup>3</sup> of production	0.787	0.691	0.889
Indirect Energy Consumption				
Electricity consumption	MWh	10,382.775	9,308.500	7,016.397
Intensity of electricity consumption	MWh per m <sup>3</sup> of production	0.513	0.505	0.519
Direct Energy Consumption				
Natural gas consumption	10 thousand m <sup>3</sup>	60.703	36.617	53.992
Intensity of natural gas consumption	10 thousand m <sup>3</sup> per m <sup>3</sup> of production	0.003	0.002	0.004
Gasoline consumption	Liter	14,618.070	14,890.470	20,265.961
Intensity of gasoline consumption	Liter per m <sup>3</sup> of production	0.722	0.808	1.499
Diesel consumption	Liter	5,144.000	5,264.000	3,623.000
Intensity of diesel consumption	Liter per m <sup>3</sup> of production	0.254	0.286	0.268
Water Consumption				
Municipal water supply	Tonnes	31,277.300	42,386.990	22,813.000
Intensity of municipal water supply	Tonnes per m <sup>3</sup> of production	1.544	2.300	1.687
Use of Packaging Materials				
Wood	Tonnes	95.008	100.480	74.904
Plastic	Tonnes	4.696	5.024	3.745
Paper	Tonnes	0.470	0.502	0.375
Metal	Tonnes	1,222.650	1,256.000	936.300
Total consumption of packaging materials	Tonnes	1,322.824	1,362.006	1,015.324
Intensity of total consumption of packaging materials	Tonnes per m <sup>3</sup> of production	0.065	0.074	0.075

16 The Group's energy use includes direct energy sources such as gasoline, diesel, and natural gas, as well as indirect energy sources including purchased electricity.

## 4. People-Oriented Culture

To foster a positive corporate culture and a harmonious working environment, promote personal growth and professional development of our employees, and drive the long-term sustainable development of the enterprise, the Group has always adhered to the philosophy that “employees are the most important and valuable asset of the company”. We uphold the management principle of mutual progress and collaborative development between employees and the Group. We are committed to providing a safe and comfortable working environment for our employees, comprehensively addressing their physical and mental well-being, and continuously enhancing their professional competence and comprehensive quality through systematic and diversified training programmes. Additionally, we focus on meeting the daily needs of our employees and enhancing their workplace happiness, strengthening their sense of responsibility and belonging, and striving to build a highly efficient, professional, stable, and cohesive team, laying a solid talent foundation for the enterprise’s sustainable development.

### 4.1. Employees’ Rights and Interests

The Group strictly adheres to all relevant employment and labour-related laws and regulations, comprehensively governing matters such as compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare and the prevention of child or forced labour. The Group complies with applicable laws and regulations in the main countries where it operates. For Mainland China, these include the *Labor Law of the People’s Republic of China*, the *Labor Contract Law of the People’s Republic of China*, the *Social Insurance Law of the People’s Republic of China*, the *Law of the People’s Republic of China on the Protection of Minors*, the *Regulation on Paid Annual Leave for Employees*, and the *Prohibition of Using Child Labor*. The Group also complies with laws applicable to its overseas branches, including the *US Fair Labor Standards Act (FLSA)*, the *EU Employment Equality Directive (Council Directive 2000/78/EC)*, and *Council Directive 94/33/EC on the protection of young people at work*. During the Reporting Period, the Group did not encounter any incidents of non-compliance with employment or labour standards laws and regulations.

Furthermore, the Group has formulated and implemented comprehensive employment policies and management systems, encompassing various aspects such as the protection of employee rights, career development, and welfare benefits. Through systematic and standardised management mechanisms, we ensure the standardisation and transparency of employment practices, continuously enhancing employee satisfaction and fostering a sense of belonging, promoting the mutual growth of the enterprise and its employees.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

<b>Recruitment and Dismissal</b>	<p>The Group has established a robust recruitment management system, formulating and implementing the <i>Employee Recruitment System</i> and the <i>Management Approach for Employee Selection</i>. These documents clearly define the recruitment criteria, processes, and standards, ensuring the entire recruitment process is open, fair, and transparent. Upon joining the Company, employees are provided with a labour contract in accordance with the law, which explicitly outlines key terms such as remuneration, benefits, health and safety responsibilities, confidentiality obligations, and conditions for contract termination, safeguarding the clear rights and interests of both parties.</p> <p>At the same time, the Group has also formulated standardised offboarding management systems, which clearly stipulate procedures for resignation and dismissal, notice periods, and financial compensation. This approach ensures the full protection of employees' legal rights while also safeguarding the legitimate interests of the company, fostering stable and harmonious labour relations.</p>
<b>Compensation and Promotion</b>	<p>The Group has established a remuneration and performance management system with the core concepts of "fairness, incentive, and sustainability", committed to promoting the mutual growth of employees and the enterprise through institutionalised management. By formulating and implementing the <i>Management Approach for Remuneration System</i> and the <i>Explanation of the Optimization of the Company's Remuneration System</i>, the Group clearly standardises the remuneration structure, promotion mechanisms, and benefits guarantee system, ensuring remuneration distribution is open, transparent, scientifically sound, and reasonable. The employee compensation package encompasses base salary, performance bonuses, social insurance, supplementary medical insurance, and pension schemes. Additionally, remuneration is dynamically adjusted based on role value, performance outcomes, professional qualifications, and market competitiveness, thereby achieving a balance between incentive effects and internal and external equity.</p>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

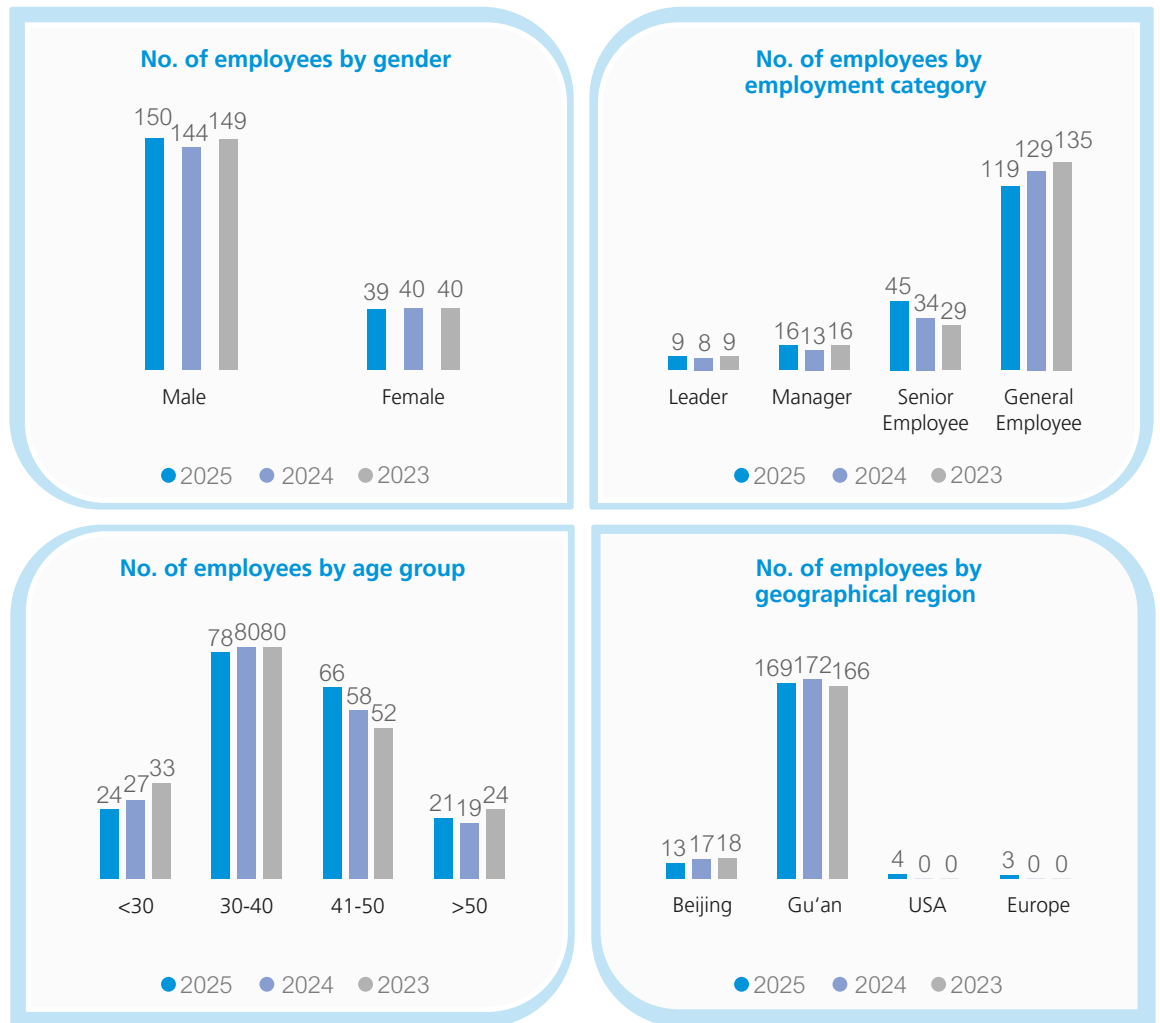
	<p>In terms of performance management, the Group formulated and implemented the <i>Company Comprehensive Budget and Performance Evaluation System Management Policy</i>, building a closed-loop management mechanism covering “target setting, process control, performance assessment, and incentive feedback”. By quantifying assessment indicators and conducting regular performance reviews, we strengthen goal orientation and process supervision, ensuring precise alignment between remuneration incentives and performance results, further enhancing overall management effectiveness and employee motivation.</p> <p>During the Reporting Period, the Group further improved its sales incentive mechanism, successively issuing the <i>Industrial Catalysts Division Domestic Business Sales Incentive Policy</i>, the <i>Industrial Catalysts Division Overseas Market Sales Assessment and Incentive Policy</i>, and the <i>USA Denox Subsidiary Business Sales Incentive Policy</i>, forming a unified incentive system covering the global sales team. This series of policies, based on the principle of “benefit-oriented, core of payment collection”, sets up multi-level incentive modules around sales volume, gross profit margin, payment progress, and annual target completion rate, covering content such as basic quantity awards, excess profit awards, warranty awards, payment collection commission awards, and strategic contract awards. It also introduces tiered assessment and bonus deferral systems, balancing short-term incentives with long-term stable operation. This not only clarifies performance orientation, strengthens responsibility implementation and compliance management, but also effectively promotes the improvement of operational efficiency and the continuous growth of market business.</p>
<b>Working Hours and Holidays</b>	<p>In accordance with relevant national laws and regulations, the Group has established the <i>Work Attendance Regulation</i>, ensuring that employees are entitled to their statutory rights, including paid annual leave, public holidays, and other rest days. Additionally, the Group strictly adheres to the <i>Regulations of Hebei Province on Population and Family Planning</i>, providing eligible employees with statutory leave such as marriage leave, maternity leave, paternity leave, and bereavement leave. In terms of production operations, the Group’s manufacturing facilities implement a scientifically designed shift system, rigorously enforcing an eight-hour workday to ensure that employee working hours comply with national regulations, effectively safeguarding the legal rights and interests of our employees.</p>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

<b>Fair Opportunity, Diversity and Anti-discrimination</b>	<p>The Group consistently upholds the principles of equality, diversity, and inclusion in its employment practices. In areas such as talent recruitment, labour relations management, remuneration and benefits, job promotions, leave arrangements, and training development, we strictly adhere to the principle of “merit-based and performance-driven” decision-making, firmly opposing any form of discrimination based on race, nationality, age, gender, or other factors, ensuring all employees have equal development opportunities in a fair and transparent environment. To further improve the talent cultivation and incentive mechanism, the Group has formulated and implemented the <i>Staff Rotation Management System</i>, establishing a standardised and institutionalised rotation operating system, encouraging cross-departmental and multi-position practice and learning, promoting the continuous improvement of employees’ professional capabilities and comprehensive quality, stimulating organisational vitality, and cultivating a high-quality, versatile talent pool that meets the Group’s long-term development needs.</p>
<b>Prohibit Child Labour</b>	<p>The Group rigorously enforces the <i>Prohibition of Using Child Labor</i>, firmly prohibiting the employment of individuals under the age of sixteen. To ensure compliance with labour regulations, the Group has established a comprehensive pre-employment verification mechanism, requiring all prospective employees to provide valid identification documents issued by public security authorities, which are then meticulously reviewed by the human resources department. In the event of any instance of underage employment being identified, the Group will immediately terminate the employment relationship and assume corresponding legal responsibilities. During the Reporting Period, the Group did not encounter any incidents of non-compliance with child labour regulations.</p>
<b>Prohibit Forced Labour</b>	<p>The Group steadfastly adheres to international labour standards, strictly prohibiting any form of forced labour, bonded labour, or prison labour, and explicitly refrains from engaging in any form of commercial partnerships with organisations that utilise forced labour. During the recruitment process, we strictly follow compliance procedures, providing candidates with detailed information about the Company’s background, employment policies, working hours, remuneration, and benefits, ensuring the recruitment process is open and transparent, and employment is genuinely voluntary. At the same time, the Group strictly complies with the provisions of the <i>Labor Contract Law of the People’s Republic of China</i> and other relevant laws, entering formal labour contracts with employees, clarifying the rights and obligations of both parties, and effectively safeguarding employees’ legal right to terminate employment voluntarily. During the Reporting Period, the Group did not engage in any forced labour practices.</p>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As of the end of the Reporting Period, the Group has 189 employees. All of them are full-time employees<sup>17, 18</sup>:



17 During the Reporting Period, the scope of social data disclosure covers the relevant data of Gu'an Denox and Beijing Denox within China, as well as the Group's overseas branches, USA Denox and Europe Denox.

18 The number of employees does not include the number of non-executive directors and independent non-executive directors in the Board of Directors.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employee Turnover Rate <sup>19</sup>			
	2025	2024	2023
Employee turnover rate	7%	22%	23%
By gender			
Male	8%	23%	25%
Female	3%	18%	15%
By age group			
<30	4%	33%	72%
30-40	10%	19%	16%
41-50	3%	14%	8%
>50	10%	39%	13%
By geographical region			
Beijing	8%	58%	6%
Gu'an	7%	19%	24%
the United States	0%	0%	/
Europe <sup>20</sup>	0%	/	/

19 Staff turnover rate is calculated by dividing the number of staffs lost in that category during the Reporting Period by the total number of staffs in that category as at the end of the Reporting Period.

20 As social data for Europe Denox is disclosed for the first time during this Reporting Period, there is no employee turnover rate data for this entity in previous years.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 4.2. Caring for Employees

The Group is committed to fostering equal, trusting, and harmonious labour relations. We value and are eager to listen to the voices of every employee, ensuring that their opinions and aspirations are promptly heard and effectively addressed.

Policy	Content
<i>Employee Representative Election Procedure</i>	The Group has established a comprehensive employee representative mechanism, with representatives democratically elected from various departments. Employee representatives regularly convene meetings to engage in in-depth discussions on core issues such as remuneration and benefits systems, working hours arrangements, equal employment opportunities, and promptly relay constructive feedback and suggestions formed to management, promoting transparency and scientific decision-making.
<i>Management Procedures of Employee's Opinions, Suggestions, Complaints and Feedback</i>	Establish a standardised opinion reception and handling mechanism to ensure employee demands are promptly responded to and properly resolved.

Through the establishment of multi-level, comprehensive communication platforms, the Group has achieved positive interaction between employees and management, effectively safeguarding employees' legal rights, promoting the cohesion of corporate culture and harmonious development.

Furthermore, the Group continues to improve its diversified employee care system, actively understanding and responding to employee needs, and regularly invests resources to create a caring and supportive work atmosphere. During the Reporting Period, we organised a variety of employee care initiatives, including cultural interactions such as dumpling-making during the Dragon Boat Festival on traditional festivals, to convey the enterprise's humanistic care.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Case: Dragon Boat Festival Dumpling-Making Activity



At the same time, the Group regularly organises employee trips and sports events, enriching employees' spare time life, and has set up an employee activity centre equipped with professional fitness equipment on the third floor of Gu'an Denox, providing employees with convenient and safe fitness and leisure spaces. These initiatives not only effectively alleviate employees' work stress, enhance their physical and mental health and happiness but also promote communication and cooperation between departments, further strengthening team cohesion and overall centripetal force.

## 4.3. Employee Health and Safety

### 4.3.1. Safe Production Management

The Group strictly adheres to laws and regulations, such as the *Law of the People's Republic of China on Work Safety*, the *Provisional Provisions on the Implementation of the Main Responsibility for Safety Production of Production and Operation Units in Hebei Province* and the *Regulations on Safety Production in Hebei Province*, which are relevant to ensuring workplace safety and have a significant impact on our operations. During this Reporting Period, the Group has not violated any related laws or regulations.

#### *Safety Management System*

To further enhance safety management, during the Reporting Period, the Group formulated and implemented the *Work Safety Standardisation Management System*, creating a well-defined hierarchical responsibility framework. The Chairman is designated as the primary responsible person for work safety, with safety responsibilities cascaded to departments, teams, and individual roles, forming a grid-based management model that ensures comprehensive coverage both horizontally and vertically. Additionally, the Group implements a two-tier safety objective management system, scientifically breaking down overall targets to departments, teams, and individuals, and ensuring effective implementation through assessment and incentive mechanisms.

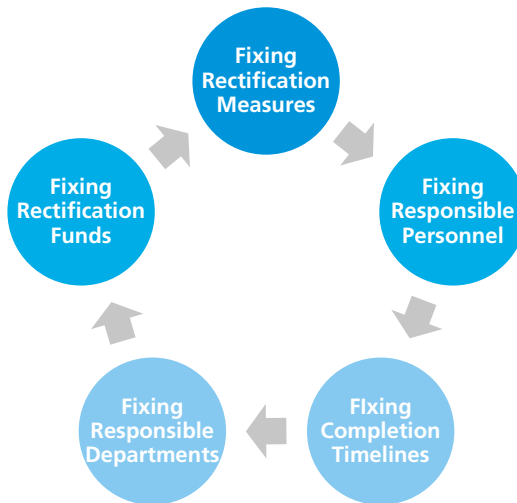
In terms of organisational support, the Group has established a Work Safety Leadership Group and a dedicated Work Safety Management Department with full-time safety officers. The Work Safety Leadership Group is primarily responsible for coordinating the Group's work safety, with specific functions including disseminating and implementing policies and documents from higher-level authorities, promoting relevant laws and regulations, establishing and improving safety management systems, organising safety education and training, supervising hazard investigation and rectification, and correcting violations. The Work Safety Management Department is specifically responsible for drafting management systems and emergency plans, organising safety training and drills, supervising the management of major hazards, conducting safety inspections and hazard management, and urging various units to implement safety rectification and preventive measures.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Safe Production Measures

The Group strictly regulates various operational procedures in accordance with the *Work Safety Management System* and the *Work Safety Standardisation Management System*. In construction project management, the “three simultaneities” system for safety facilities is strictly implemented, ensuring that safety facilities are designed, constructed, and put into operation simultaneously with the main project. We fully implement procedures such as safety facility design review, construction supervision, and completion acceptance. Projects that fail to pass acceptance are resolutely not put into use, effectively controlling safety risks at the source.

To further strengthen hazard investigation and management, we have established a systematic and comprehensive hazard management mechanism, strictly adhering to the “five fixes” principle, ensuring rectification responsibilities are assigned, measures are implemented, and hazards are eliminated. At the same time, investigated hazards are managed by classification and grade, establishing hazard ledgers and a closed-loop supervision system; special management plans are formulated for major hazards, implementing focused monitoring, follow-up supervision, and cancellation upon completion. Major hazards are personally organised for rectification by the principal responsible person of the enterprise, and reported to the safety supervision department in a timely manner as required, ensuring problems are thoroughly rectified and supervision is implemented effectively.



**“Five Fixes” Principle**

At the same time, to standardise the safe operation procedures for various types of work and construction machinery, the Group formulated and implemented the *Safe Operating Procedures for Various Types of Work and Mechanical Equipment*. It clarifies operating procedures, protective measures, and responsibility requirements, ensuring that electricians, welders, hoisting workers, erectors, carpenters, masons, and other types of work, as well as equipment such as tower cranes, excavators, bulldozers, elevators, and welding machines, strictly adhere to safety standards during use. By strengthening management measures such as mandatory on-post certification, equipment inspection, fire and explosion prevention, fall prevention, and electrical protection, we effectively prevent and eliminate production safety hazards, enhance employee safety awareness and professional operation levels, ensuring operational safety, equipment integrity, and orderly production.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *Safety Hazard Rectification*

During the Reporting Period, the Group formulated and implemented the *Safety Management System for Hazard Identification and Rectification*, clearly defining hazard investigation responsibilities, content, and frequency, implementing a management mechanism combining comprehensive, specialised, and daily safety inspections, implementing corrective measures, establishing a hierarchical management system for major accident hazards and file management, and regularly reporting hazard statistics and rectification status to regulatory authorities, forming a closed-loop management system for hazard investigation, rectification, acceptance, and monitoring, ensuring timely elimination of hazards and effective prevention of safety accidents. At the same time, the Group issues the *Safety Environment Inspection Notice* monthly, clarifying the responsible person for rectification and completion time limit, attached with on-site pictures to track rectification progress, ensuring continuous improvement and safety management effectiveness.

There were no work-related deaths in the past three consecutive reporting periods. During the Reporting Period, there was one person involved in work-related injuries, and 90 workdays were lost due to injuries. During this Reporting Period, the Group promptly processed the work-related injury identification for the injured employee and fully reimbursed all medical expenses. During the recuperation period, the supervising leader personally led a team to visit the employee with gifts, learn in detail about the employee's recovery, and express deep concern and condolences to the employee and their family.

## **4.3.2. Occupational Health and Safety**

The Group consistently upholds the core value of "safety first", prioritising employee occupational health and safety as a cornerstone of sustainable development. We have established a comprehensive occupational health and safety management system, strictly adhering to legal and regulatory requirements such as the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Administrative Measures for Diagnosis and Identification of Occupational Diseases* and the *Law of the People's Republic of China on Work Safety*, as well as those applicable to our overseas branches, including the *US Occupational Safety and Health Act (OSH Act)* and the *Council Directive 89/391/EEC on the introduction of measures to encourage improvements in the safety and health of workers at work*, diligently fulfilling corporate responsibilities and continuously improving safety management levels. During the Reporting Period, the Group has not experienced any incidents involving violations of occupational health and safety laws or regulations.

To further advance occupational health and safety management, we have formulated and implemented the *Occupational Health Management Policy* and the *Environment, Occupational Health and Safety Operational Control Procedures*, clarifying the responsibilities and requirements of various departments and positions in safe production, occupational disease prevention, equipment and facility management, and emergency response. The Group places great emphasis on the construction of workplace safety facilities and occupational health protection. Through a comprehensive safety management system and hardware configuration, we create a safe and healthy working environment for our employees. At the production site, we have equipped machinery that complies with national safety standards and ensured proper ventilation to effectively prevent harmful gas leaks.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Occupational Health Protection and Medical Examination Management Measures:

- Protective Facilities:** Implement technical upgrades in workplaces with potential hazards, improving facilities for ventilation, dust control, toxic substance prevention, and noise reduction.
- Protective Equipment:** Provide employees with personal protective equipment that meets applicable standards and require its correct use during production and operations, such as dust masks, protective goggles, anti-noise earplugs, and gas masks, to ensure operational safety and effective health protection.
- Health Monitoring:** Organize pre-employment, in-service, and post-employment occupational health examinations for employees in accordance with the law. For employees identified with occupational health impairments, promptly adjust their job positions and provide appropriate placement to ensure their rights to treatment and rehabilitation are effectively protected.
- Emergency Response:** Develop occupational health emergency response plans for potential emergencies such as occupational poisoning and chemical spills to ensure rapid and effective response.
- Occupational Safety Training:** Conduct regular occupational health education and safety training to enhance employees' knowledge of protective measures and self-protection capabilities.

## Gu'an Denox Production Workshop

The Gu'an Denox production workshop has installed safety guards, anti-decoupling devices for crane hooks, and grounding protection facilities, set up safety warning signs, alarm systems, emergency wash stations, and safety passages, and equipped first aid supplies. At the same time, various safety facilities are regularly inspected and maintained to ensure their continued stable operation.

Additionally, to continuously strengthen the occupational health management system, the Group has established a comprehensive monitoring mechanism for occupational hazard factors, regularly conducting inspections and assessments of workplaces to ensure the working environment continues to meet occupational health standards. To further identify and control safety risks, we have formulated management systems such as the *Unacceptable Risk List*, the *Hazard Identification and Evaluation Form* and the *Hazard Identification and Risk Analysis Statistics Form*. Corresponding prevention and response measures are formulated for potential risk incidents arising from different work activities, gradually building a safety protection network covering the entire process.

Through institutionalised and regular health protection and risk management measures, Denox Environmental continuously optimises the working environment, improves occupational health guarantee mechanisms, and practises the corporate philosophy of "people-oriented, safety development" through concrete actions, comprehensively safeguarding employees' occupational health and life safety.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 4.3.3. Safety Training

During the Reporting Period, the Group formulated and implemented the *2025 Safety Education and Training Plan*, adhering to the principle of “Safety First, Prevention Focused”, establishing a three-tier training system covering company-level, workshop-level, and team-level, carrying out systematic safety training for new recruits, transferred employees, returning workers, and special operations personnel. Through diverse forms such as safety knowledge lectures, case analysis, and practical drills, we comprehensively enhance employees’ safety awareness and emergency response capabilities, promote the effective implementation of safety management systems, and further improve the overall safety quality of all employees and the enterprise’s overall safety management level.

To continuously strengthen safety awareness and skills training, the Group has built a multi-level safety supervision network that combines daily, seasonal and special inspections to implement closed-loop management of identified safety hazards, ensuring that rectification measures are implemented in place and risk prevention and control are effective.

### Case: 2025 Work Safety Month



During this Reporting Period, the Group actively organised and carried out “Work Safety Month” activities to further enhance the safety awareness and self-protection capabilities of all employees. Various departments actively participated and carried out safety commitment signature activities in conjunction with actual work. Employees signed their names on the safety oath wall, effectively integrating the “safety first” concept into daily actions, creating a safety production cultural atmosphere of full attention, full participation, and comprehensive prevention and control.

To further enhance safety management standards, the Group has established a scientific work safety performance evaluation system. Using accident control and safety goal achievement as core metrics, departments and individuals are assessed quantitatively, with results linked to reward and penalty mechanisms. Through regular evaluations and continuous improvement, the Group continuously optimises safety management processes, promotes the construction of a safety culture for all employees, and drives sustained improvements in enterprise work safety management.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 4.3.4. Emergency Preparation and Response

The Group places significant emphasis on work safety management, and has systematically constructed a comprehensive safety risk prevention and control system. In terms of institutional development, the Group has developed and refined normative documents such as the *Emergency Action Plan*, the *Hidden Danger Investigation and Rectification Form*, and the *Fire Drill Plan*, creating a comprehensive emergency management framework, providing institutional guarantees for safe operation. For risk prevention and control, the Group has formulated the *Safety Management System for Hazard Identification and Rectification*, aiming to fulfil corporate work safety responsibilities and establish a long-term mechanism for hazard identification and rectification. Through regular hazard identification and rectification efforts, the Group employs standardised inspection forms to implement dynamic supervision, ensuring timely identification and rectification of safety hazards, closed-loop management.

To address production safety risks, the Group has established a tiered and classified emergency response plan system, regularly organizing company-wide specialised drills, including but not limited to fire evacuation drills, special equipment (forklifts, cranes) operation safety drills, and hazardous chemical spill response drills, the Group continuously enhances employees' emergency response capabilities.

In terms of office safety management, the Group has developed the *Fire Emergency Response Plan* and the *Electric Shock Emergency Response Plan*, tailored to the characteristics of the office environment. These plans clearly define the procedures and response mechanisms for handling emergencies. Through regular office safety hazard inspections, emergency evacuation drills, and safety promotion training, we further strengthen the safety awareness of all employees, comprehensively enhance safety management standards in office spaces, effectively safeguarding employees' lives and property and the Group's assets.

### Case: 2025 Emergency Rescue Drill Plan

During this Reporting Period, we organised confined space emergency drills, fire emergency drills, mechanical injury (special equipment) emergency response drills, and electric shock emergency response exercises at the Gu'an Denox production base in April, June, October, and November, respectively. Employees fully mastered the standard handling procedures for responding to emergencies, covering early warning responses, on-site first aid, personnel evacuation, and incident reporting; they became familiar with the correct use of various protective equipment, fire-fighting devices, and first aid supplies, further enhancing their emergency response capabilities and safe operation skills, and improving on-site risk prevention, control, and coordinated command levels.

## 4.4. Talent Development

The Group consistently upholds the philosophy of “talent-driven development”, deeply integrating employees’ personal career plans with the Group’s strategic growth and is committed to building a high-calibre, professional, and exceptional team. To comprehensively enhance employees’ professional capabilities and unlock their potential, the Human Resources Department has developed the *Annual Training Plan*. Based on role requirements and employee development pathways, the plan features multi-level, multi-dimensional training topics, covering professional skill enhancement, management capability development, and industry-leading knowledge. Through a robust training record and evaluation mechanism, the Group ensures employees acquire the professional knowledge, core skills, and industry standards required for their roles.

The Group has established a comprehensive new employee training system and corporate training management framework. Through systematic onboarding training and rigorous assessment mechanisms, the Group ensures new employees quickly acquire the professional skills required for their roles and fulfil their responsibilities. Additionally, we innovatively implement a “mentorship program”, assigning each new employee a seasoned mentor as a career guide to provide one-on-one professional guidance and career development advice. This approach helps new employees swiftly adapt to the work environment, gain a deeper understanding of corporate culture, and achieve a smooth transition from newcomers to skilled professionals.

To achieve mutual growth for employees and the company, the Group has specifically formulated the *External Training System of the Company*, designed to incentivise employees to actively participate in external training programmes aligned with their career development plans through a reward and support mechanism, continuously enhancing their professional skills and overall competencies. Additionally, we have established a comprehensive career development support system, offering tailored skill enhancement courses to help employees achieve their career goals, thereby driving the continuous optimisation of the Group’s talent pipeline and long-term sustainable development.

During the Reporting Period, the Group provided employees with training in various areas, including risk and opportunity identification, DeNOx catalysts knowledge, product sales, legal regulations and relevant standards, and internal auditing.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Case: Records of Employee Training

迪盛环境

### 6 月份安全培训签到表

编号: DNS/QR-25/12

培训时间	2025年6月19日	培训地点	车间
组织部门	生产中心	主讲人	
培训内容	培训内容: 今年6月是第24个全国“安全生产月”,6月16日 为全国“安全宣传咨询日”。 活动主题和时间 活动主题:“人人讲安全、个个会应急—查找身边安 全隐患” 活动时间:2025年6月1日至6月30日 消防知识和消防四个能力		
所属部门	签名	所属部门	签名
生产中心	侯建		
	侯建		
	侯建		
	侯建		
	侯建		
	侯建		
	侯建		
	侯建		
	侯建		

迪盛环境

### 7 月份安全培训签到表



编号: DNS/QR-25/13

培训时间	2025年7月11日	培训地点	车间
组织部门	生产中心	主讲人	孙明
培训内容	培训内容: 1. 雨季当前应急预案、防汛常识; 2. 开展双控风险识别、管控、隐患排查治理排查、治本攻 坚三年行动; 3. 查找身边隐患,重点是电器类隐患; 4. 生产经营单位应当按照一人一档的要求建立安全 生产教育培训档案,如实记录教育培训时间、内容、考 核结果等。		
所属部门	签名	所属部门	签名
生产中心	侯建	工业中心	侯建
生产中心	侯建	工业中心	侯建
生产中心	侯建	工业中心	侯建
生产中心	侯建	工业中心	侯建
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生产中心	侯建	工业中心	侯建
生产中心	侯建	工业中心	侯建

迪盛环境

### 8 月份安全培训签到表

编号: DNS/QR-25/15

培训时间	2025年8月19日	培训地点	办公室
组织部门	生产中心	主讲人	孙明
培训内容	培训内容: 一: 五大禁令: 1. 严禁违章作业,违章指挥; 2. 严禁触碰与自己无关的设备; 3. 严禁不具备相应资格的人员从事特种作业; 4. 严禁违章关闭消防设施安全防护设施; 5. 严禁未采取安全措施接触运行中的设备设施和物件; 二: 机械伤害实际案例分析: 1. 刀片划伤; 2. 设备碾压; 3. 设备划伤; 4. 设备夹手; 三: 天车使用规范: 1: 使用天车时佩戴安全带; 2: 天车行驶时下方不得有人; 3: 天车脱钩使用标准: 正确  错误 		
所属部门	签名	所属部门	签名
生产部	刘晓明	生产部	王冠
生产部	刘冲	生产部	李凤儿
生产部	谢振	生产部	王冠
生产部	张岩	生产部	李环宇
		生产部	李环宇
		生产部	李环宇
		生产部	李环宇
		生产部	李环宇
		生产部	李环宇

迪盛环境

### 10 月份消防安全培训签到表

编号: DNS/QR-25/19

培训时间	2025年10月17日	培训地点	车间
组织部门	生产中心	主讲人	孙明
培训内容	培训内容: 1: 消防四个能力; 2: 一懂三会的内容是懂得本场所用火、用电、用油、用气火 灾危险性,会报警、会灭火、会逃生。 3: 禁止阻挡消防器材; 4: 禁止阻挡车间包装工序和切割工序两处安全出口,后续再 有阻挡现象给予绩效考核,当班班组长连带考核; 5: 禁止故意堵塞室内灭火器和消防栓;		
所属部门	签名	所属部门	签名
生产中心	侯建	生产中心	侯建
生产中心	侯建	生产中心	侯建
生产中心	侯建	生产中心	侯建
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生产中心	侯建	生产中心	侯建
生产中心	侯建	生产中心	侯建

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	Percentage of Employees Trained <sup>21</sup>	Average Training Hours Completed per Employee <sup>22</sup> (hours)
By gender		
Male	79.12%	8.17
Female	20.88%	4.53
By employee category		
Leader	3.85%	9.71
Manager	7.14%	8.31
Senior employee	23.63%	7.44
General employee	65.38%	7.16

21 The percentage of employees trained was calculated by dividing the number of trained employees belonging to the specific category by the total number of trained employees.

22 The average training hours received per employee was calculated by dividing total training hours received by employees belonging to the specific category by number of trained employees belonging to the specific category.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 5. Quality Comes First

The Group consistently adheres to the core principle of delivering high-quality products and professional services to customers, continuously striving for excellence in product and service quality, and is committed to shaping a trustworthy brand image, winning wide recognition from society and the market. We strictly comply with Mainland China's *Law of the People's Republic of China on Work Safety*, the *Product Quality Law of the People's Republic of China*, the *Regulations on the Responsibility for Quality Control of Industrial Products*, the *Advertising Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China* and the *Regulation for the Implementation of the Trademark Law of the People's Republic of China*, as well as those applicable to our overseas branches, including the *US Consumer Product Safety Act (CPSA)* and the *Regulation (EU) 2023/988 of the European Parliament and of the Council on general product safety*, fully implementing compliance management and quality assurance requirements. During the Reporting Period, the Group has not engaged in any activities that violate these laws and regulations.

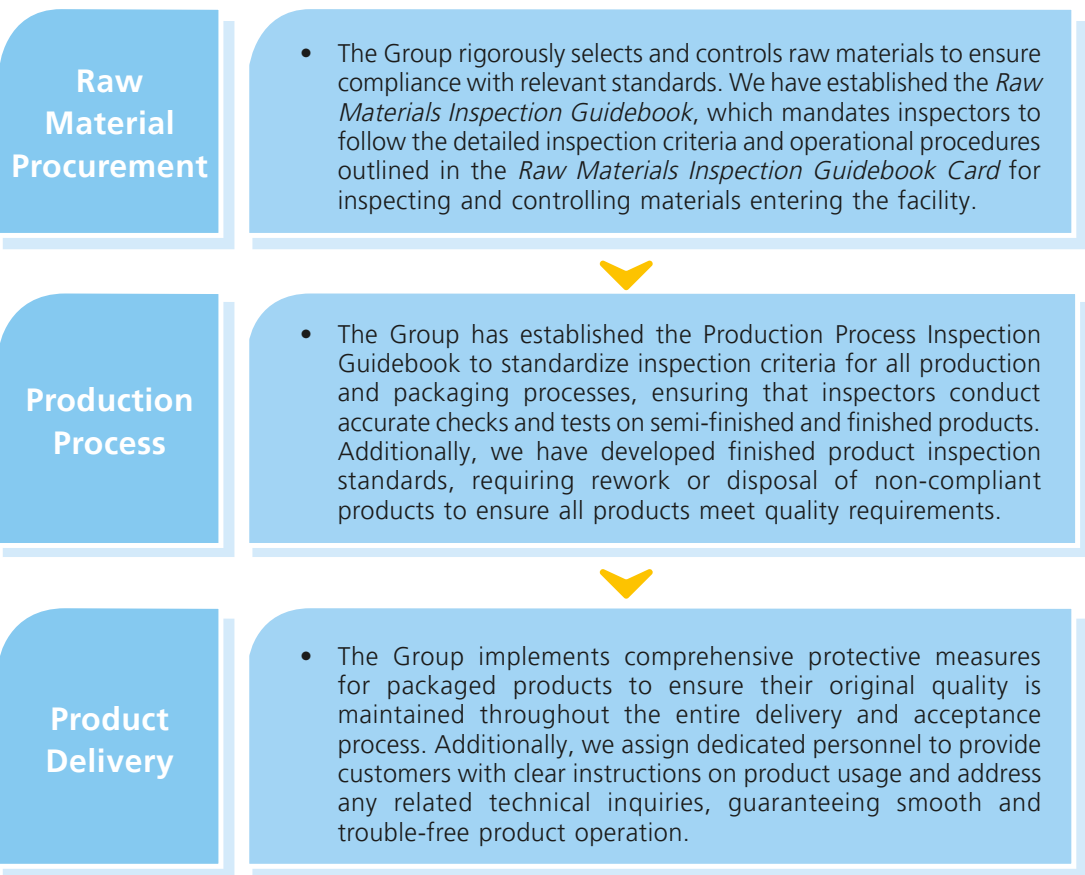
### 5.1. Product Quality

The Group consistently upholds the principle of prioritising product performance, quality, and safety, setting the product quality target at a 100% pass rate. During the Reporting Period, to continuously enhance the Group's quality management standards, strengthen the efficient integration of technical R&D and production operations, the Group optimised its organisational structure by merging the Technical R&D Department and the Quality Technology Department into a "Quality and R&D Centre". This centre is fully responsible for core tasks such as product development, process improvement, and quality control. The centre comprises sub-departments such as the Formulation Technology Department, Production Process Department, and Quality Technology Department, aiming to drive the efficient translation of research and development achievements into production through synergistic operations, continuously improving product quality and market competitiveness.

In terms of production management, we have established a comprehensive quality assurance system and inspection procedures across all stages of the production process, ensuring products are safe, stable, and reliable. During the Reporting Period, the Production Centre further optimised its organisational structure, establishing sub-departments such as the Honeycomb Workshop, Plate Workshop, Coating Workshop, Equipment Team, and Production Office, clearly defining division of responsibilities, improving collaborative efficiency and refined control levels in each stage.

To ensure the scientific nature of inspection data and the traceability of product quality, the Group has formulated and strictly implemented multiple technical standards and systems, including the *Technical Specification for Titanium Powder Inspection*, the *Technical Specification for Finished Plate Module Inspection Standards*, and the *Technical Specification for Finished Honeycomb Module Inspection Standards*, etc., strictly controlling the appearance and physical and chemical properties of raw materials and finished products. Through patrol inspections and process monitoring, we ensure products meet process requirements and inspection standards in real time, and have established the *Non-Conforming Product Isolation System and Handling Plan*, to classify, isolate, and track handle abnormal products, ensuring the quality of each batch of products is controllable and traceable, maximising the protection of customer interests and product safety.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



If non-conforming products are identified after delivery or use, the Group will strictly follow the major quality issue resolution mechanism, immediately communicate with the customer, and develop a solution. We will conduct an in-depth analysis of the root causes of non-conformance, implement effective corrective actions, and establish preventive measures to avoid recurrence of similar issues. All products undergo rigorous quality inspections and are only delivered to customers after passing these checks. During the Reporting Period, the Group did not experience any product recalls.

If non-conformance is found after product delivery or use, the Group will strictly execute the response process in accordance with the major quality issue handling mechanism, communicate with the customer immediately and formulate a specific solution. For the cause of non-conformance, we organise a professional team to conduct root cause analysis, formulate and implement corrective and preventive measures, and prevent the problem from recurring at the source. All products must undergo strict quality inspection and review to ensure they fully meet standards before delivery. During the Reporting Period, the Group did not experience any product recalls.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Certification for Environmental Management System, Occupational Health and Safety Management System and Quality Management System

CERTIFICATE



Certificate No: 016ZB2313189Z5

### CERTIFICATE OF ENVIRONMENT MANAGEMENT SYSTEM CERTIFICATION

Date of Initial Issuance: Aug. 23, 2017 / Date of Re-certification Issuance: Aug. 18, 2023  
Date of Expiration: Aug. 22, 2026

This is to Certify that the Environment Management System of **BEIJING DENOX ENVIRONMENT & TECHNOLOGY CO., LTD.**

is in conformity with GB/T 45001-2016 idt ISO 14001:2015 Standard, applies to TECHNICAL DEVELOPMENT, SALES, AND AFTER-SALES SERVICE OF DENITRIFICATION CATALYSTS (EXCLUDING HAZARDOUS CHEMICALS AND CLASS I PRECURSOR CHEMICALS)

BCC Inc. President: 



Unified social credit code: 91110105620545615  
REGISTERED ADDRESS: ROOM 1506-1, FLOOR 12, BUILDING 2, YARD 128, SOUTH FOURTH RING WEST ROAD, FENGTAI DISTRICT, BEIJING, P.R.C.  
OPERATION ADDRESS: ROOM 1506-1, FLOOR 12, BUILDING 2, YARD 128, SOUTH FOURTH RING WEST ROAD, FENGTAI DISTRICT, BEIJING, P.R.C.





BCC Administration: #016ZB2313189Z5, Floor 1, No. 46 Management Street, Dingling Street, Beijing, China. This certificate is valid under the supervision of administration and certification agencies. The certificate holder shall ensure the implementation of the certificate and is responsible for maintaining the certificate. The validity of the certificate shall be subject to BCC's regular supervision.

CERTIFICATE



Certificate No: 016ZB23132130K0W

### CERTIFICATE OF OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM CERTIFICATION

Date of Initial Issuance: Nov. 21, 2017 / Date of Re-certification Issuance: Nov. 24, 2023 / Date of Expiration: Nov. 20, 2026  
(Date of Re-certification Audit: Nov. 13, 2023 To Nov. 15, 2023, Date of Last Certification Cycle Expiration: Nov. 20, 2023)

This is to Certify that the Occupational Health and Safety Management System of **GU' AN DENOX ENVIRONMENTAL PROTECTION EQUIPMENT MANUFACTURING CO., LTD.**

is in conformity with GB/T 45001-2020 idt ISO 45001:2018 Standard, applies to TECHNICAL DEVELOPMENT, PRODUCTION, SALES, AND AFTER-SALES SERVICE OF DENITRIFICATION CATALYSTS (EXCLUDING HAZARDOUS CHEMICALS AND CLASS I PRECURSOR CHEMICALS); CONSTRUCTION OF ENVIRONMENTAL PROTECTION PROJECTS WITHIN THE SCOPE OF QUALIFICATION

BCC Inc. President: 



Unified social credit code: 9111022560496277  
REGISTERED ADDRESS: THE EAST SIDE OF SHAI ROAD AND THE NORTH SIDE OF ZHENYIN STREET IN THE SOUTH AREA OF GU'AN INDUSTRIAL PARK, LANGFANG CITY, HEBEI PROVINCE, P.R.C.  
OPERATION ADDRESS: SOUTH ZONE OF INDUSTRIAL PARK, GU'AN COUNTY, LANGFANG CITY, HEBEI PROVINCE, P.R.C.





BCC Administration: #016ZB23132130K0W, Floor 1, No. 46 Management Street, Dingling Street, Beijing, China. This certificate is valid under the supervision of administration and certification agencies. The certificate holder shall ensure the implementation of the certificate and is responsible for maintaining the certificate. The validity of the certificate shall be subject to BCC's regular supervision.

CERTIFICATE



Certificate No: 016ZB23131495K25

### CERTIFICATE OF OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM CERTIFICATION

Date of Initial Issuance: Aug. 23, 2017 / Date of Re-certification Issuance: Aug. 18, 2023  
Date of Expiration: Aug. 22, 2026

This is to Certify that the Occupational Health and Safety Management System of **BEIJING DENOX ENVIRONMENT & TECHNOLOGY CO., LTD.**

is in conformity with GB/T 45001-2020 idt ISO 45001:2018 Standard, applies to TECHNICAL DEVELOPMENT, SALES, AND AFTER-SALES SERVICE OF DENITRIFICATION CATALYSTS (EXCLUDING HAZARDOUS CHEMICALS AND CLASS I PRECURSOR CHEMICALS)

BCC Inc. President: 



Unified social credit code: 91110105620545615  
REGISTERED ADDRESS: ROOM 1506-1, FLOOR 12, BUILDING 2, YARD 128, SOUTH FOURTH RING WEST ROAD, FENGTAI DISTRICT, BEIJING, P.R.C.  
OPERATION ADDRESS: ROOM 1506-1, FLOOR 12, BUILDING 2, YARD 128, SOUTH FOURTH RING WEST ROAD, FENGTAI DISTRICT, BEIJING, P.R.C.





BCC Administration: #016ZB23131495K25, Floor 1, No. 46 Management Street, Dingling Street, Beijing, China. This certificate is valid under the supervision of administration and certification agencies. The certificate holder shall ensure the implementation of the certificate and is responsible for maintaining the certificate. The validity of the certificate shall be subject to BCC's regular supervision.

CERTIFICATE



Certificate No: 016ZB23132130K0W

### CERTIFICATE OF OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM CERTIFICATION

Date of Initial Issuance: Nov. 21, 2017 / Date of Re-certification Issuance: Nov. 24, 2023 / Date of Expiration: Nov. 20, 2026  
(Date of Re-certification Audit: Nov. 13, 2023 To Nov. 15, 2023, Date of Last Certification Cycle Expiration: Nov. 20, 2023)

This is to Certify that the Occupational Health and Safety Management System of **GU' AN DENOX ENVIRONMENTAL PROTECTION EQUIPMENT MANUFACTURING CO., LTD.**

is in conformity with GB/T 45001-2020 idt ISO 45001:2018 Standard, applies to TECHNICAL DEVELOPMENT, PRODUCTION, SALES, AND AFTER-SALES SERVICE OF DENITRIFICATION CATALYSTS (EXCLUDING HAZARDOUS CHEMICALS AND CLASS I PRECURSOR CHEMICALS); CONSTRUCTION OF ENVIRONMENTAL PROTECTION PROJECTS WITHIN THE SCOPE OF QUALIFICATION

BCC Inc. President: 



Unified social credit code: 9111022560496277  
REGISTERED ADDRESS: THE EAST SIDE OF SHAI ROAD AND THE NORTH SIDE OF ZHENYIN STREET IN THE SOUTH AREA OF GU'AN INDUSTRIAL PARK, LANGFANG CITY, HEBEI PROVINCE, P.R.C.  
OPERATION ADDRESS: SOUTH ZONE OF INDUSTRIAL PARK, GU'AN COUNTY, LANGFANG CITY, HEBEI PROVINCE, P.R.C.





BCC Administration: #016ZB23132130K0W, Floor 1, No. 46 Management Street, Dingling Street, Beijing, China. This certificate is valid under the supervision of administration and certification agencies. The certificate holder shall ensure the implementation of the certificate and is responsible for maintaining the certificate. The validity of the certificate shall be subject to BCC's regular supervision.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Certification for Environmental Management System, Occupational Health and Safety Management System and Quality Management System



The Group is continuously committed to updating and enhancing its quality management systems to ensure the consistent delivery of exceptional products and services to customers. During the Reporting Period, the Group successfully obtained certifications for the Environmental Management System (GB/T24001-2016 idt ISO14001:2015), Occupational Health and Safety Management System (GB/T45001-2020 idt ISO45001:2018) and Quality Management System (GB/T19001-2016 idt ISO9001:2015). These certifications reflect the Group's outstanding capabilities in the development, sales, and after-sales service of denitrification catalysts, as well as its high-quality standards in environmental engineering projects. By continuously improving its management systems and operating mechanisms, we continuously enhance enterprise operational efficiency and product reliability, further strengthening customer confidence and consolidating market competitive advantage.

## Certification of Quality Management System and Laboratory Accreditation



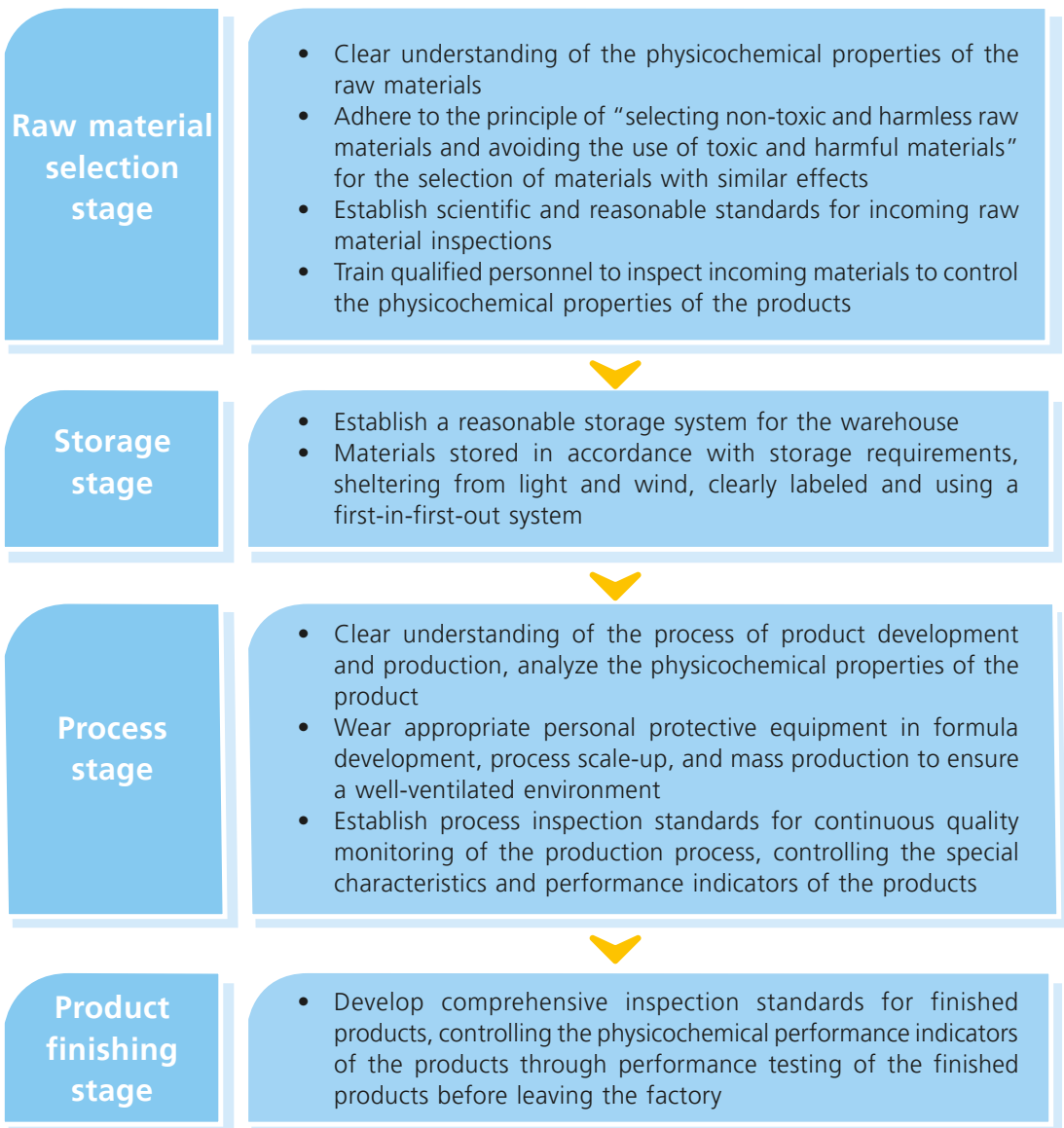
## 5.2. Product Responsibility

The Group always regards product responsibility as the core cornerstone of enterprise development, committed to providing customers with safe, reliable, and compliant products and services. We establish strict quality control and safety assurance systems throughout the entire process from product design, raw material procurement, production and manufacturing to after-sales service, ensuring that products meet national laws, regulations, and industry standards at every stage. At the same time, the Group attaches great importance to intellectual property protection and the standardised management of trademarks, continuously improving internal control mechanisms, strengthening sales incentives and compliance assessments, and promoting the coordinated development of product innovation and market expansion.

### 5.2.1. Product Health and Safety

The Group is committed to providing customers with healthy and safe products. The Group strictly adheres to national product production standards and incorporates customers' specific requirements as design input, developing operational guidelines and quality control standards for the entire process from raw material procurement to finished product delivery, ensuring that product safety is effectively supervised and traceable at all stages. During experimental development, process scale-up, and mass production, we strictly follow standardised operating procedures to ensure products are risk-free, non-hazardous and comply with regulations and industry requirements. Additionally, through regular calibration of measurement and monitoring equipment, as well as periodic maintenance and validation of production equipment, the Group further strengthens the foundation for product safety, delivering high-quality products and safety solutions that customers can trust.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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Furthermore, the Group further integrates health and safety design concepts into the product design, development, and end-of-life recycling stages of the New Environmental Technology Division and the Industrial Catalysts Division, achieving systematic management from raw material selection, production control to reuse throughout the full life cycle, and improving the product safety and health protection system.

Safety Design	Health Design
<p>Strictly adhering to the principles of “harmlessness and low toxicity”, we optimise the formulation structure to reduce the content of heavy metals such as vanadium, and adopt closed-loop, fully automated production lines to minimise the escape of dust and hazardous gases, thereby ensuring employee occupational health and operational safety. At the same time, by improving the catalyst’s pore structure and distribution of active sites, we enhance nitrogen oxide purification efficiency and reduce the generation of by-products, ensuring that the product is more environmentally friendly and safer for human health during use.</p>	<p>Pre-emptive risk control is implemented from chemical, physical, and process perspectives. Through rigorous component stability assessments, strength tests, and process hazard analyses, we ensure that the product operates safely and reliably under high-temperature, high-pressure, and complex operating conditions. For the product transportation, installation, and maintenance stages, we have established corresponding safety operation guidelines and packaging standards to minimise operational and logistical risks.</p> <p>During the disposal and reuse phase, we actively promote the safe recovery and resource utilisation of spent catalysts. By collaborating with qualified enterprises, we conduct research on the recovery of metal elements such as vanadium, tungsten, and titanium, thereby reducing the potential impact of waste disposal on soil and water bodies.</p>

Through the above measures, the Group has achieved an integrated approach to health and safety design at the product research and development stage, establishing a safety and health protection system that covers the entire product lifecycle. In doing so, we have effectively fulfilled our social responsibilities as an environmental technology company and upheld the principles of sustainable development.

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## **5.2.2. Product Labelling**

The Group places significant emphasis on the standardised management of product trademarks and labels. To this end, the Group has developed a *Management Manual*, which mandates the clear labelling of key information such as product name, applicable standard number, and product quality inspection certification on product labels, ensuring that the labelled content is authentic, accurate, and traceable. To further ensure the compliance and effectiveness of label management, we also conduct regular audits and inspections of labels to prevent misuse or mislabelling during production, packaging, and delivery. In the event of any product quality or labelling irregularities, we utilise the unique label information of each product to swiftly trace its origin, responsible parties, and distribution channels, promptly identifying the cause and implementing corrective measures. This ensures full traceability of product quality and precise management control, providing customers with safer and more reliable product assurance.

## **5.2.3. Product Research and Development**

The Group consistently upholds an innovative-driven corporate culture, committed to delivering exceptional products and services to customers through continuous technological R&D and production process improvements. To ensure the rigor and efficiency of the R&D process, the Group has established the *Control Procedure for Design and Development*, which strictly oversees product technology development and improvement processes. Through a series of review and validation procedures, the Group ensures that all products meet relevant standards and requirements.

Based on market changes and the Group's strategic adjustments, we have optimised our product R&D strategy, shifting the focus of the Technology R&D and Quality Centre from vehicle products to cost optimisation and new product development for industrial products, with particular emphasis on areas such as CO catalysts for the industrial metallurgy sector and industrial coating catalysts. To further enhance R&D efficiency, we have strengthened the project manager responsibility system for new product development. Drawing on the successful experience of the corrugated plate project, we have implemented performance incentive mechanisms for R&D projects such as CO catalysts for metallurgy and CO catalysts for gas turbine units, encouraging technical staff to actively participate in R&D efforts, thereby enhancing their personal capabilities and income while driving the Group's new product development and continuously improving market competitiveness. Additionally, we have integrated the functions of the advanced technology research team under the Industrial Division into the Formulation Technology Department, further consolidating R&D resources and focusing on the development and innovation of cutting-edge industrial product technologies.

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During the Reporting Period, the Group formulated and officially implemented the *2025 Overseas Market Sales Performance Incentive Policy for the Industrial Catalyst Division* and the *2025 Domestic Business Sales Incentive Policy for the Industrial Catalyst Division*, further refining the sales performance assessment and reward system, and clarifying sales targets, collection milestones, excess profit incentives, and accountability assessment standards. These two policies adopt tiered reward and performance-linked mechanisms tailored to the characteristics of different regional markets, fully mobilizing the proactiveness and initiative of the sales team, promoting the simultaneous improvement of product sales quality and collection efficiency, and strengthening market expansion capabilities and operational management effectiveness. This provides strong support for achieving the Group's annual operational objectives and sustainable development.

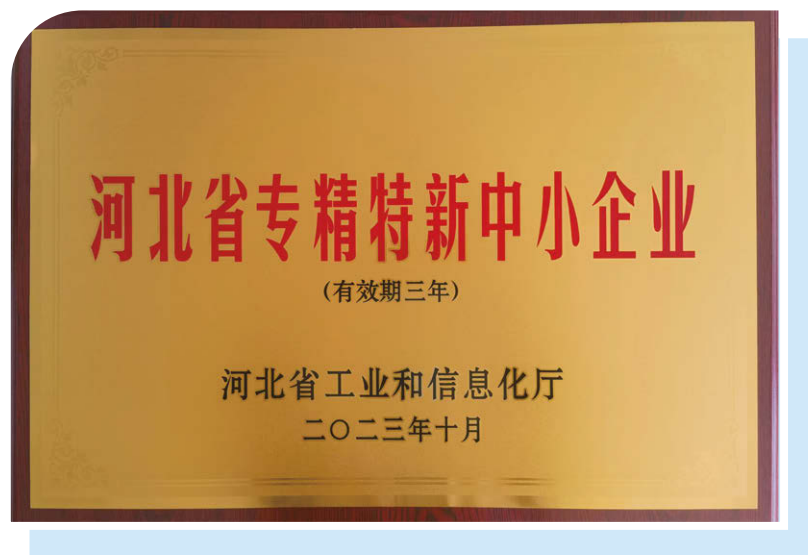
Currently, the Group has completed equipment commissioning and trial production for corrugated plate catalysts. The project team will receive performance incentives in phases based on equipment readiness and order delivery progress, encouraging the rapid translation of innovative achievements. Moving forward, we will continue to prioritise technological innovation as our core driver, advance the development of cutting-edge industrial product technologies, and persistently provide customers with higher-quality and more efficient solutions, while contributing to the sustainable development of the industry.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Gu'an Denox awarded the "High-tech Enterprise" certificate jointly issued by the Department of Industry and Information Technology, Department of Finance, and the Taxation Bureau of Hebei Province



Gu'an Denox Certified as an Innovative Small and Medium-sized Enterprise in Hebei Province



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 5.2.4. Intellectual Property

The Group strictly complies with relevant laws and regulations within China, including the *Patent Law of the People's Republic of China*, the *Tort Liability Law of the People's Republic of China*, and the *Copyright Law of the People's Republic of China*, while also adhering to applicable laws for its overseas branches, such as the *Lanham Act* in the United States and the *Industrial Property Code* in Europe. Gu'an Denox has successfully obtained the Intellectual Property Management System Certification, providing a solid institutional foundation for the Group to safeguard intellectual property rights and prevent infringement risks in accordance with the law. To effectively prevent related disputes and fully protect the legal rights and interests of intellectual property owners, we clearly label intellectual property ownership information at every stage of product research, development, and design, and display it in a standardised manner on product packaging, ensuring clear and traceable ownership.

The Group has formulated and implemented the *Intellectual Property Management Manual*, establishing an intellectual property management system that covers the entire operational process of the Group. This system clearly defines the responsibilities and division of labour for each department in intellectual property management. For example, the Procurement Centre is responsible for contract review and dispute resolution, while the Technology R&D Department leads the advancement and improvement of the corporate standardisation system. Through the continuous optimisation and effective operation of this system, the Group has steadily enhanced its intellectual property management capabilities, providing strong support for its innovation-driven development strategy.

As a company dedicated to catalyst research and development, the Group consistently places great emphasis on the transformation of technological achievements and patent protection, and continuously promotes the formation of independent intellectual property rights from innovative achievements in accordance with the law. During the Reporting Period, Gu'an Denox filed for one invention patent and is in the process of applying for four utility model patents, further consolidating the intellectual property protection framework for the Company's core technologies and providing strong support for sustained innovation and the enhancement of long-term competitiveness.

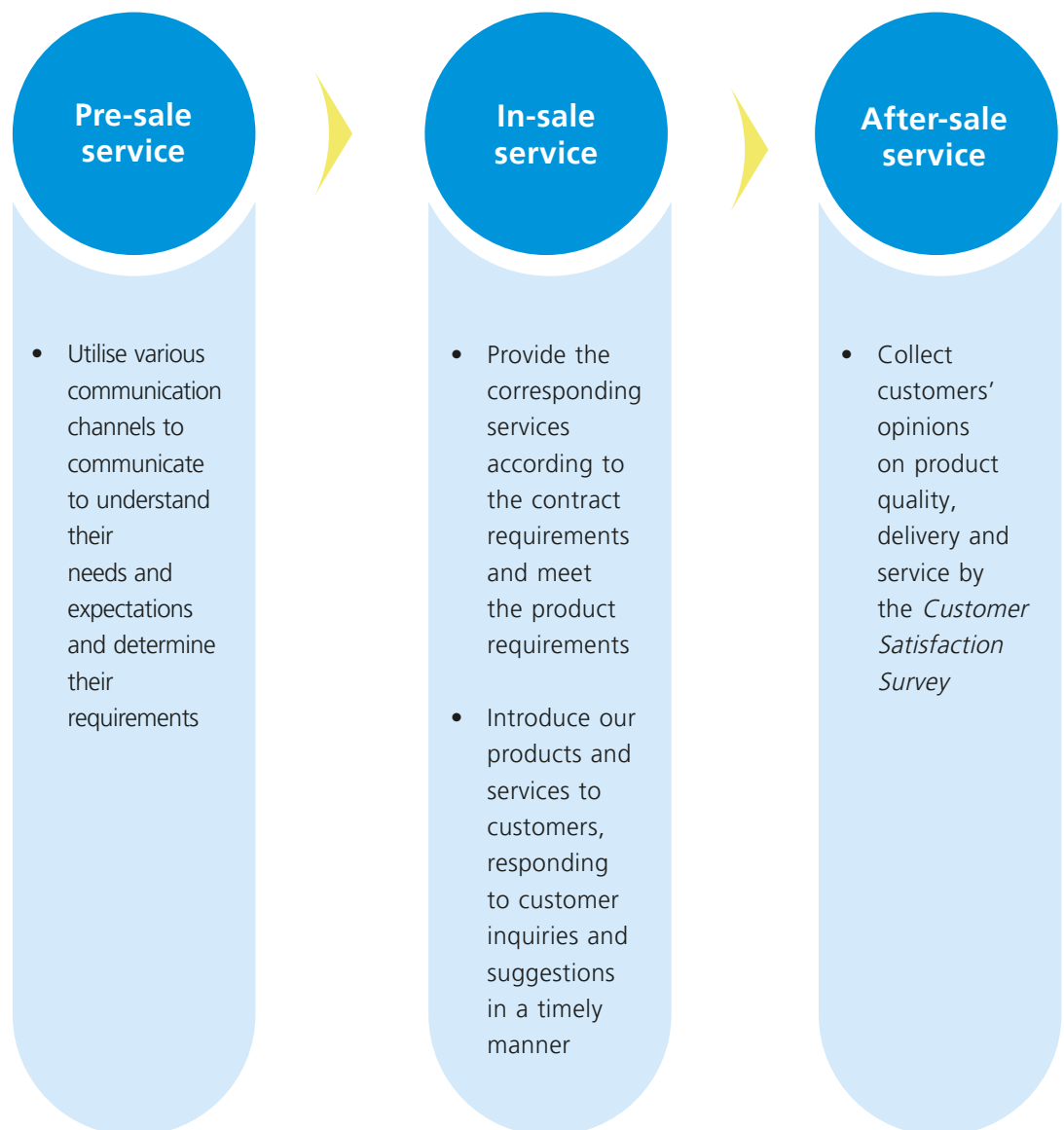
## 5.3. High Quality Services

The Group consistently places customers at the centre, ensuring that customer needs are responded to promptly and customer rights are fully protected by establishing a systematic customer communication mechanism, a comprehensive complaint handling process, and a stringent privacy protection system. In terms of marketing and information dissemination, the Group has established a multi-tiered review mechanism to ensure that all external promotional content is truthful, accurate, and compliant. We firmly believe that only by continuously improving service quality and strengthening customer trust can we achieve mutual growth with our customers.

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## 5.3.1. Customer Services

The Group is consistently dedicated to continuously improving the quality of its products and services, aiming to build stable and enduring customer partnerships. We place great emphasis on customer opinions and feedback, regarding them as important bases for driving product improvement and service optimisation, and ensuring proactive and efficient communication mechanisms throughout the entire sales process. To strengthen customer relationship management, the Group has formulated and implemented the *Control Procedure of Customer Satisfaction* and the *Control Procedure of Customer-related Process*, which define the communication and feedback protocols across the entire service lifecycle. These procedures ensure the timely identification and effective response to customers' specific needs and suggestions regarding products and services, thereby continuously enhancing customer satisfaction and loyalty.



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Meanwhile, the Group has established a comprehensive service complaint handling mechanism to systematically manage customer feedback and complaints. All complaints are processed in strict accordance with standardised procedures upon receipt. Relevant personnel first create a formal record of the complaint, documenting key details such as the time, content, and customer requests, while simultaneously activating a management notification mechanism. The responsible department then conducts a root cause analysis, ensuring precise identification of the issue's root cause. Throughout the process, we maintain two-way communication with the customer, collaboratively developing solutions that include improvement measures and service compensation, and continuing to follow up until the matter is fully resolved. During the Reporting Period, the Group did not receive any customer complaints related to products or services.

### **5.3.2. Privacy Protection for Customers**

The Group consistently places great emphasis on customer privacy protection, strictly implementing a confidential storage system for customer data to ensure information security and prevent leakage. To strengthen institutionalised management, the Group has formulated the *Company Confidentiality Management System (Trial)*, clearly defining the responsibilities and roles of each department in confidentiality management. Given that the Marketing Department handles and stores a significant amount of customer information in its daily operations, the Group has implemented specialised data encryption measures for this department. Initial customer information forms are submitted by sales managers to regional directors for consolidation, and then reported by the marketing department's internal staff to divisional leaders, with no unauthorised access permitted. For project documents related to signed contracts, the Group enforces a unified custody system, ensuring the security and controllability of business information throughout the process.

Additionally, the Group has signed confidentiality agreements with all employees, requiring strict adherence to customer privacy and confidentiality management regulations, further enhancing the Company's confidentiality management system. Through the effective implementation of these measures, the Group has not experienced any customer privacy breaches during the Reporting Period, effectively ensuring the security of customer information and safeguarding privacy rights.

### **5.3.3. Avoid False Publicity**

The Group consistently adheres to the principles of integrity and fairness as its core transaction standards, strictly complying with the *Advertising Law of the People's Republic of China* and relevant laws and regulations within China, while also adhering to applicable laws for its overseas branches, such as the *Federal Trade Commission Act* in the United States and the *Directive 2005/29/EC on unfair commercial practices* in Europe, resolutely prohibiting any form of fraudulent or pyramid scheme activities. In the management of promotional materials and website content, the Group has established a rigorous multi-level review mechanism. All promotional content must undergo compliance review by a professional legal team to ensure accuracy, truthfulness, and legal conformity. Before external release, promotional materials must pass content review, with a focus on verifying the accuracy of product technical descriptions and compliance with intellectual property rights, strictly preventing any instances of infringement.

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To ensure the accuracy and authority of information dissemination, the Group has established clear guidelines requiring all information released through official channels to undergo management review and approval, preventing potential customer rights infringement due to information errors at the source. For customer requests to access internal documents, the Group has implemented a standardised response and approval process. Relevant business departments draft responses, which must then be reviewed and confirmed by senior management before being provided externally, ensuring that the information provided to customers is truthful, accurate, and complete. During the Reporting Period, the Group has not experienced any customer complaints or legal disputes arising from information errors or improper dissemination.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 6. Responsible Operation

### 6.1. Supplier Management

The Group upholds the philosophy of “collaborative success and sustainable development”, placing great emphasis on establishing and maintaining long-term, stable strategic partnerships with suppliers. We not only focus on the quality of suppliers’ products and their service capabilities, but also value their performance in environmental protection and social responsibility, striving to promote coordinated progress and sustainable development across the entire industry chain.

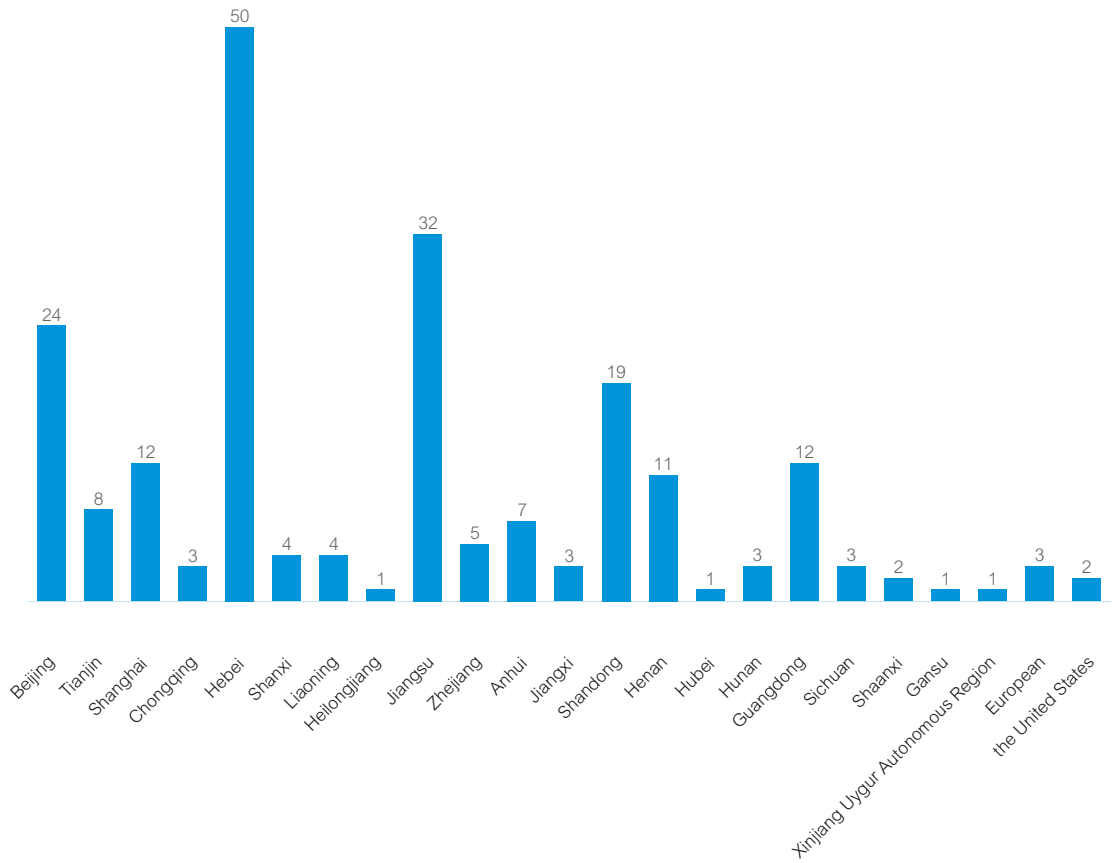
To standardise supplier management, the Group has developed management documents such as the *Procurement System for the Procurement Department*, the *Code of Conduct for Procurement Personnel of the Company*, the *Procurement and Supplier Management System*, and the *Annual Raw Material Procurement Plan*, which clearly define the evaluation criteria and selection process for suppliers. The Group first conducts a preliminary screening of potential suppliers through market research, then forms a cross-departmental supplier evaluation team, and assesses candidate suppliers through multi-dimensional evaluations including on-site inspections, document reviews, and comprehensive scoring. Qualified new suppliers are added to the *Qualified Supplier Directory*, while those with outstanding performance are granted priority partnership status.

To ensure suppliers continue to meet the Group’s cooperation standards, we implement an annual review mechanism for suppliers listed in the *Qualified Supplier Directory*. The Procurement Centre is responsible for organizing the qualification review process. The review is conducted using the *External Supplier Evaluation Form*, covering key dimensions such as product quality, production and supply capacity, technical expertise, environmental and safety management, corporate reputation, after-sales service, price stability, and delivery performance. This effectively ensures that suppliers meet the Group’s requirements in terms of quality, environmental performance, and social responsibility.

During the Reporting Period, the Group completed reviews of 34 suppliers and established partnerships with 168 high-quality suppliers, further enhancing the overall stability and collaborative competitiveness of the supply chain.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

No. of suppliers by geographical region



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## ***Environmental and Social Risk Management of Suppliers***

The Group incorporates environmental and social responsibility performance as one of the core criteria for supplier selection, rigorously evaluating suppliers' comprehensive performance in environmental protection, safe operations, and compliance. Partners with excellent environmental and social responsibility performance are prioritised for inclusion in the Qualified Supplier Directory. During the evaluation and cooperation process, the Group focuses on whether suppliers comply with national environmental regulations, whether they possess valid environmental emission permits, and regularly reviews the continued effectiveness of their environmental and safety management systems.

To strengthen environmental and social responsibility management within the supply chain, we explicitly include environmental and safety requirements in cooperation agreements, linking suppliers' related performance to regular assessments. Additionally, the Group continuously monitors suppliers' implementation of environmental protection, occupational safety, and social responsibility through regular reviews and on-site supervision. For suppliers that fail to meet the Group's management standards or violate regulations, measures such as corrective actions within a specified timeframe, suspension of cooperation, or termination of partnership will be taken as appropriate, ensuring the compliance and sustainability of the supply chain.

### **Considering Suppliers' Environmental and Safety Performance**

In addition to the usual qualification verification of potential suppliers, Gu'an Denox also verifies whether the environmental and safety performance of potential chemical raw materials suppliers meets the Group's standards, including:

<b>Environmental Indicators for Assessment</b>	<b>Safety Protection Requirement</b>
<ul style="list-style-type: none"> <li>• Synchronisation rate of pollution control facilities and production equipment</li> <li>• Air emissions and wastewater discharge compliance rate and solid waste handling rate</li> <li>• Major environmental pollution incident</li> <li>• Environmental nuisance caused to residents</li> <li>• Substantial violation of environmental related laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Workability of fire safety provisions</li> <li>• Safety management system for special equipment and corresponding records</li> <li>• Safety management system for electricity consumption and corresponding records</li> <li>• Management system for natural gas and corresponding records, and safety management system for dangerous goods and corresponding records</li> </ul>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ***Green procurement***

The Group consistently upholds the principle of “green procurement”, prioritizing environmental protection as a core consideration in the procurement of goods and services, and striving to minimise the negative impact of its operations on human health and the natural environment. To implement this principle, the Group has developed and continuously implemented a series of specific measures to achieve energy conservation and emission reduction targets in both procurement and operational processes. At Gu’an Denox, all office equipment and appliances must meet China Energy Label Grade 4 or higher standards. Additionally, the lighting systems in production facilities and office areas have been comprehensively upgraded to low-energy LED fixtures, significantly reducing electricity consumption and improving energy efficiency.

In terms of transportation management, Beijing Denox strictly adheres to environmental standards, using only vehicles that meet National V or higher emission standards for product delivery, effectively reducing carbon emissions during transportation. Furthermore, cleaning products used in factory and office areas must be low volatile organic compound (VOC) products, addressing environmental impact from the details of daily operations and comprehensively reducing potential negative effects on the environment.

Through the continuous implementation of these measures, the Group has not only effectively advanced its green operations goals, but also made a positive contribution to the low-carbon transformation and sustainable development of the industry.

## **6.2. Anti-corruption**

The Group consistently regards integrity and anti-corruption as the core values of its corporate culture, maintaining a “zero-tolerance” stance towards any form of corrupt practices, continuously improving its corporate governance system to uphold a positive corporate image and social reputation. The Group strictly complies with relevant laws and regulations, such as the *Criminal Law of the People’s Republic of China*, the *Regulations of the People’s Republic of China for Suppression of Corruption*, the *Anti-money Laundering Law of the People’s Republic of China*, the *Anti-Unfair Competition Law of the People’s Republic of China* and the *Bidding and Tendering Law of the People’s Republic of China*, while also adhering to applicable laws for its overseas branches, including the *Foreign Corrupt Practices Act* (FCPA) in the United States, the *Directive (EU) 2017/1371 on the fight against fraud to the Union’s financial interests by means of criminal law* in Europe, and the *Council Framework Decision 2003/568/JHA on combating corruption in the private sector*, resolutely prohibiting illegal activities such as bribery, extortion, fraud, and money laundering.

To strengthen internal management, the Group has formulated and strictly enforced the *Anti-Corruption and Anti-Bribery Control Procedures* and the *Corporate Integrity and Self-discipline Management System*, establishing a robust anti-corruption framework at the institutional level. The Group places significant emphasis on integrity education, providing systematic anti-corruption training for directors, employees, and business partners, and incorporating anti-corruption education into new employee onboarding programs to cultivate a professional ethos of integrity and lawfulness. Through the distribution of training materials via email and online learning platforms, the Group ensures that all employees fully acquire anti-corruption knowledge and continuously enhance their integrity awareness.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group requires personnel in key positions to sign the *Anti-Corruption and Anti-Bribery Undertaking* and the *Employee Integrity and Self-discipline Commitment*. For high-risk procurement processes, the Group has established the *Code of Conduct for Procurement Personnel of the Company* to prevent corrupt practices at the source. Furthermore, by signing the *Undertaking Combating Bribery/Corruption for Supplier* and the *Supplier Integrity Cooperation Agreement* with suppliers, the Group promotes the establishment of a fair, transparent, and ethical business cooperation system within the supply chain.

To effectively prevent and address violations, the Group has established a diversified range of reporting channels, including whistleblower hotlines and complaint boxes, to encourage employees and partners to report suspected activities such as bribery, extortion, fraud, and money laundering, and strictly safeguards the rights and interests of whistleblowers. The *Anti-Corruption and Anti-Bribery Control Procedures* clearly define the reporting, investigation, and handling processes. Cases that are substantiated following investigation will be addressed in accordance with internal disciplinary regulations, with serious consequences imposed as appropriate. In instances where criminal activity is identified, the matter will be referred to judicial authorities for legal action. During the Reporting Period, the Group did not encounter any corruption-related legal proceedings.

### 6.3. Caring for the Community

The Group fully recognises that corporate sustainability and community development are interconnected and mutually reinforcing. To actively fulfil its social responsibilities and give back to the community, we proactively engage with the community to understand its expectations and needs regarding our operations and respond with concrete actions.

Under the *Control Procedure for the Identification and Assessment of Environmental Factors*, the Group has clearly defined key environmental factors such as emissions and resource consumption, along with their potential environmental impacts. During the Reporting Period, we continued to strengthen the monitoring and management of the environment surrounding our production facilities, strictly controlling noise, exhaust gases, and other pollutant emissions generated during operations. We strive to minimise the impact of our operational activities on the surrounding environment and ensure that they do not interfere with the daily lives of community residents. At the same time, we place great emphasis on community opinions and feedback, continuously enhancing our complaint and response mechanisms. We promptly address and investigate matters raised by residents, ensuring swift handling and timely communication to effectively protect community interests and promote harmonious coexistence and development between the enterprise and the community.

Furthermore, the Group remains deeply committed to community welfare, actively providing assistance to community residents when they face difficulties or urgent needs, demonstrating care and support through concrete actions. We believe that corporate development is inseparable from the trust and support of the community, while the prosperity of the community is made more sustainable through the responsible practices of the enterprise.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 7. Report Index

### 7.1 Environmental, Social and Governance Reporting Code Content Index

Part B: Mandatory Disclosure Requirements		
Description		Relevant Section in the Report
<b>Governance Structure</b>	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> <li>(i) a disclosure of the board’s oversight of ESG issues.</li> <li>(ii) the board’s ESG management approach and strategy, including the process used to evaluate, prioritize, and manage material ESG-related issues (including risks to the issuer’s businesses); and</li> <li>(iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer’s businesses.</li> </ul>	2. Governance in Sustainable Development
<b>Reporting Principles</b>	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG Report.</p> <p>Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer’s stakeholder engagement.</p> <p>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p>Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>	1. About the Environmental, Social and Governance Report
<b>Reporting Boundary</b>	<p>A narrative explaining the reporting boundaries of the ESG Report and describing the process used to identify which entities or operations are included in the ESG Report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>	1. About the Environmental, Social and Governance Report

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part C: “Comply or explain” Provisions		
General Disclosures and KPI	Description	Relevant Sections in the ESG Report
<b>Environmental</b>		
<b>Aspect A1: Emissions</b>		
General Disclosure	Information on:  (a) Policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	3.1 Environmental Management
KPI A1.1	The types of emissions and respective emissions data.	3.4. Environmental Data
KPI A1.2	Repealed 1 January 2025	/
KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	3.4. Environmental Data
KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	3.4. Environmental Data
KPI A1.5	Description of emissions target(s) set, and steps taken to achieve them.	2.3. ESG Management System, Targets and Performance  3.1 Environmental Management  3.3. Climate Change-Metrics and Targets
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set, and steps taken to achieve them.	3.1 Environmental Management  2.3. ESG Management System, Targets and Performance

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part C: "Comply or explain" Provisions		
General Disclosures and KPI	Description	Relevant Sections in the ESG Report
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water, and other raw materials.	3.2. Resource Utilisation
KPI A2.1	Direct and/or indirect energy consumption by type (e.g., electricity, gas, or oil) in total (kWh in '000s) and intensity (e.g., per unit of production volume, per facility).	3.4. Environmental Data
KPI A2.2	Description of energy use efficiency target(s) set, and steps taken to achieve them.	3.4. Environmental Data
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	3.2. Resource Utilisation 2.3. ESG Management System, Targets and Performance
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set, and steps taken to achieve them.	3.2. Resource Utilisation 2.3. ESG Management System, Targets and Performance
KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	3.4. Environmental Data
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	3.1 Environmental Management
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3.1 Environmental Management

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Part C: “Comply or explain” Provisions		
General Disclosures and KPI	Description	Relevant Sections in the ESG Report
<b>Social</b>		
<b>Aspect B1: Employment</b>		
General Disclosure	(a) Policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment, and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	4. People-oriented
KPI B1.1	Total workforce by gender, employment type (for example, full- or part- time), age group and geographical region.	4.1 Employees’ Rights and Interests
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	4.1 Employees’ Rights and Interests
<b>Aspect B2: Health and Safety</b>		
General Disclosure	(a) Policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.3. Employee Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	4.3. Employee Health and Safety
KPI B2.2	Lost days due to work injury.	4.3. Employee Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	4.3. Employee Health and Safety

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part C: "Comply or explain" Provisions		
General Disclosures and KPI	Description	Relevant Sections in the ESG Report
<b>Aspect B3: Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	4.4 Talent Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	4.4 Talent Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	4.4 Talent Development
<b>Aspect B4: Labour Standards</b>		
General Disclosure	(a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	4 People-oriented
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.1 Employees' Rights and Interests
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	4.1 Employees' Rights and Interests
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	6.1 Supplier Management
KPI B5.1	Number of suppliers by geographical region.	6.1 Supplier Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	6.1 Supplier Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	6.1 Supplier Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	6.1 Supplier Management

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part C: “Comply or explain” Provisions		
General Disclosures and KPI	Description	Relevant Sections in the ESG Report
<b>Aspect B6: Product Responsibility</b>		
General Disclosure	(a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling, and privacy matters relating to products and services provided and methods of redress.	5 Quality Comes First
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	5.1 Product Quality
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	5.2 Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	5.2 Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	5.1 Product Quality
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	5.3 High Quality Services
<b>Aspect B7: Anti-Corruption</b>		
General Disclosure	(a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud, and money laundering	6.2 Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	6.2 Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	6.2 Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	6.2 Anti-corruption

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part C: "Comply or explain" Provisions		
General Disclosures and KPI	Description	Relevant Sections in the ESG Report
<b>Aspect B8: Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6.3 Caring for the Community
KPI B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	6.3 Caring for the Community
KPI B8.2	Resources contributed (e.g., money or time) to the focus area.	6.3 Caring for the Community

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part D: Climate-related Disclosures		Relevant Sections in the ESG Report
Description		
<b>(I). Governance</b>		
19 (a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities:		3.3.1. Governance
i)	how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;	
ii)	how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;	
iii)	how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer’s strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;	
iv)	how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see session “Climate-related targets”), including whether and how related performance metrics are included in remuneration policies (see session “Remuneration”);	
19 (b) management’s role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities:		3.3.1. Governance
i)	whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and	
ii)	whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part D: Climate-related Disclosures		Relevant Sections in the ESG Report
Description		
<b>(II). Strategy</b>		
Climate-related risks and opportunities		
20 (a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flow, its access to finance or cost of capital over the short, medium or long term;		3.3.2. Strategy
20 (b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk;		
20 (c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur;		
20 (d) explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.		
Business model and value chain		
21 (a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain;		3.3.2. Strategy
21 (b) a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated.		
Strategy and decision-making		
22 (a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation:		3.3.2. Strategy
i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities;		
ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect);		
iii) any climate-related transition plans the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan;		
iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with "Climate-related targets" session;		

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part D: Climate-related Disclosures		Relevant Sections in the ESG Report
Description		
22 (b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph		
23. disclose information about the progress of plans disclosed in previous reporting periods in accordance with 22 (a).		
Financial position, financial performance and cash flows		
Current financial effect		
24 (a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period;		3.3.2. Strategy
24 (b) the climate-related risks and opportunities identified in paragraph above for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.		
Anticipated financial effect		
25 (a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:		3.3.2. Strategy
i)	its investment and disposal plans;	
ii)	its planned sources of funding to implement its strategy;	
25 (b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.		

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part D: Climate-related Disclosures		Relevant Sections in the ESG Report
Description		
Climate resilience		
26 (a) the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of:		3.3.2. Strategy
i)	the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of: the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis;	
ii)	the significant areas of uncertainty considered in the issuer's assessment of its climate resilience;	
iii)	the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;	
26 (b) how and when the climate-related scenario analysis was carried out, including:		
i)	information about the inputs used, including: <ol style="list-style-type: none"> <li>(1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios;</li> <li>(2) whether the analysis included a diverse range of climate-related scenarios;</li> <li>(3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks;</li> <li>(4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change;</li> <li>(5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;</li> <li>(6) time horizons the issuer used in the analysis; and</li> <li>(7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);</li> </ol>	
ii)	the key assumptions the issuer made in the analysis;	
iii)	the reporting period in which the climate-related scenario analysis was carried out.	

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part D: Climate-related Disclosures		Relevant Sections in the ESG Report
Description		
<b>(III). Risk Management</b>		
27 (a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:		3.3.3. Risk Management
i)	the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);	3.3.2. Strategy;
ii)	whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risk;	3.3.3. Risk Management
iii)	how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);	
iv)	whether and how the issuer prioritises climate-related risks relative to other types of risks;	
v)	how the issuer monitors climate-related risks;	
vi)	whether and how the issuer has changed the processes it uses compared with the previous reporting period;	
27 (b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities);		3.3.3. Risk Management
27 (c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.		3.3.2. Strategy; 3.3.3. Risk Management
<b>(IV). Metrics and Targets</b>		
Greenhouse gas (GHG) emissions		
28. disclose its absolute gross greenhouse gas emissions generated during the Reporting Period, expressed as metric tons of CO <sub>2</sub> equivalent, classified as:		3.3.4. Metrics and Targets
(a)	scope 1 emissions;	
(b)	scope 2 emissions;	
(c)	scope 3 emissions.	

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part D: Climate-related Disclosures		Relevant Sections in the ESG Report
Description		
29 (a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;		3.3.4. Metrics and Targets
29 (b) disclose the approach it uses to measure its greenhouse gas emissions including:		3.3.4. Metrics and Targets
i)	the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions;	
ii)	the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions;	
iii)	any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;	
29 (c) disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that are necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions;		
29 (d) disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).		

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part D: Climate-related Disclosures	
Description	Relevant Sections in the ESG Report
Climate-related risks, opportunities and carbon price	
30. disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	The Group has made qualitative financial disclosures in respect of the material climate-related risks and opportunities currently identified. As the relevant quantitative financial data were not yet complete as at the end of the Reporting Period, the Group has, in accordance with the reasonable data exemption provisions, made qualitative disclosures based on the information reasonably available at this stage, and will continue to enhance and refine the disclosure of both current and expected financial impacts.
31. disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	
32. disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part D: Climate-related Disclosures	
Description	Relevant Sections in the ESG Report
33. disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities	The Group is continuously improving its climate-related data collection and management mechanisms. At present, the capital expenditure, financing and investment amounts relating to climate-related risks and opportunities are still being compiled and therefore are not yet ready for disclosure. The Group will provide supplementary disclosures in due course based on future progress.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part D: Climate-related Disclosures	
Description	Relevant Sections in the ESG Report
<p>34 (a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis);</p> <p>34 (b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions.</p>	<p>The Group has not implemented an internal carbon pricing mechanism to date, primarily because the scope and sectoral rules of the domestic carbon market are still evolving. The Group will continue to monitor policy developments and industry practice and evaluate the practicability of introducing an internal carbon price.</p>
Remuneration	
<p>35. disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).</p>	<p>Climate related factors are not currently incorporated into the Group's remuneration policy; the feasibility of including relevant metrics will be assessed in the future.</p>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part D: Climate-related Disclosures		Relevant Sections in the ESG Report
Description		
Industry-based metrics		
36. encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry.		3.4. Environmental Data
Climate-related targets		
37. disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target:		3.3.4. Metrics and Targets
(a) the metric used to set the target;		
(b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);		
(c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region);		
(d) the period over which the target applies;		
(e) the base period from which progress is measured;		
(f) milestones or interim targets (if any);		
(g) if the target is quantitative, whether the target is an absolute target or an intensity target;		
(h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.		
38. disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:		3.3.4 Metrics and Targets
(a) whether the target and the methodology for setting the target have been validated by a third party;		
(b) the issuer's processes for reviewing the target;		
(c) the metrics used to monitor progress towards reaching the target;		
(d) any revisions to the target and an explanation for those revisions.		

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part D: Climate-related Disclosures	
Description	Relevant Sections in the ESG Report
39. disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	3.3.4 Metrics and Targets
40. For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:	3.3.4 Metrics and Targets
(a) which greenhouse gases are covered by the target;	
(b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target;	
(c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target;	
(d) whether the target was derived using a sectoral decarbonisation approach;	
(e) planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose:	The Group has not purchased or used any carbon credits to achieve greenhouse gas reductions or net-zero targets.
(i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;	
(ii) which third-party scheme(s) will verify or certify the carbon credits;	
(iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and	
(iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).	
Applicability of cross-industry metrics and industry-based metrics	
41. In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics and industry-based metrics.	Not applicable



## TO THE SHAREHOLDERS OF DENOX ENVIRONMENTAL & TECHNOLOGY HOLDINGS LIMITED

迪諾斯環保科技控股有限公司

*(incorporated in the Cayman Islands with limited liability)*

### Opinion

We have audited the consolidated financial statements of Denox Environmental & Technology Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 163 to 229, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information 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 IFRS Accounting Standards issued by the International Accounting Standards Board (the “**IASB**”) 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 Hong Kong Institute of Certified Public Accountants (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 judgment, were of most significance in our audit of the consolidated financial statements of the current year. 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

## Key Audit Matters *(Continued)*

### *Impairment of property, plant and equipment and right-of-use assets*

Refer to notes 17 and 18 to the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<p>As at 31 December 2025, the net carrying amounts of the property, plant and equipment and right-of-use assets were RMB31,150,000 and RMB12,842,000.</p> <p>During the year ended 31 December 2025, the Group recorded operating losses indicating that the carrying amount of the Group's property, plant and equipment and right-of-use assets as detailed in notes 17 and 18 may be impaired. With the assistance of an independent professional valuer, the management of the Group performed an assessment on impairment of the assets at cash generating unit (the "CGU") level. During the year ended 31 December 2025, in the opinion of the directors of the Company, impairment losses of approximately RMB3,657,000 and RMB199,000, respectively, have been recognised on property, plant and equipment and right-of-use assets of the Group.</p> <p>Management applied significant judgement in determining the value in use of the relevant CGUs, of which the key assumptions adopted in the calculation of value in use include: i) sales growth rates and gross profit margin rates within the forecast period; ii) discount rates and; iii) terminal growth rate. We focused on this area because of the significance of balances of property, plant and equipment and right-of-use assets and management judgement and assumptions applied in the impairment assessment.</p>	<p>Our procedures in relation to the assessment of impairment of property, plant and equipment and right-of-use assets included:</p> <ul style="list-style-type: none"><li>• Obtaining an understanding of the management's process and basis adopted in preparing the value in use calculations of the CGUs, including key inputs;</li><li>• Comparing the current year's actual results with prior year's forecast, where applicable, to consider whether any past forecast including any assumptions, with hindsight, had been aggressive;</li><li>• Assessing the appropriateness of the methodology, and the reasonableness of key assumptions based on our knowledge of the business and industry;</li><li>• Checking, on sampling basis, the accuracy and relevance of the inputs used;</li><li>• Reviewing the valuation report issued by the independent professional valuer and evaluating their independence, competence and objectivity; and</li><li>• Assessing the reasonableness of the disclosures in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.</li></ul> <p>Based on the procedures performed, we found the Group's impairment assessment on property, plant and equipment and right-of-use assets were supported by the available evidence.</p>

## Key Audit Matters *(Continued)*

### **Net realisable value of inventories**

Refer to note 20 to the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<p>We identified the net realisable value of inventories as a key audit matter due to significant management estimates involving in the identification of obsolete and slow-moving inventories and measurement of the impairment loss of inventories.</p> <p>As set out in note 4 to the consolidated financial statements, the management estimates the net realisable value for inventories primarily based on the market condition, historical experience of selling products of similar nature and the latest selling prices of the catalysts. Moreover, the management reviews the usability and saleability of inventories at the end of reporting period, and writes down for obsolete and slow-moving inventories. The identification of obsolete and slow-moving inventories is based on the ageing categories and subsequent usage or sales. The historical record, quality and nature of the inventories are taken into consideration for the measurement of the write-down values of those obsolete and slow-moving inventories. As at 31 December 2025, the carrying amount of inventories was approximately RMB340,943,000, net of accumulated impairment loss of approximately RMB3,294,000.</p>	<p>Our procedures in relation to the net realisable value of inventories included:</p> <ul style="list-style-type: none"> <li>• assessing management's estimations including the market condition and latest selling prices of catalysts on the assessment of net realisable value of inventories and identification of obsolete and slow-moving items based on the ageing analysis and physical condition;</li> <li>• assessing the net realisable values based on usage and selling prices of inventories subsequent to the end of the reporting period; and</li> <li>• discussing with the management in respect of the adequacy of the write-down recognised by the management based on subsequent usage or sales, ageing analysis and current market conditions.</li> </ul> <p>Based on the procedures performed, we found the Group's net realisable value assessment on inventories were supported by the available evidence.</p>

# INDEPENDENT AUDITOR'S REPORT

## Other Information

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

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

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

## Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by the IASB 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.

Those charged with governance are responsible 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, solely to you, as a body, in accordance with our agreed terms of engagement, 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.

# INDEPENDENT AUDITOR'S REPORT

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism 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 group 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 those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

# INDEPENDENT AUDITOR'S REPORT

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

*(Continued)*

From the matters communicated with those charged with governance, 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.

### **Rongcheng (Hong Kong) CPA Limited**

*Certified Public Accountants*

#### **Lo Chi Kin**

Practising Certificate Number: P08415

Hong Kong

27 March 2026

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Revenue	7	189,256	108,963
Cost of sales		(142,664)	(81,503)
<b>Gross profit</b>		<b>46,592</b>	27,460
Selling and marketing expenses		(32,100)	(29,046)
Administrative expenses		(20,018)	(26,405)
Research and development expenses		(9,079)	(8,052)
Impairment loss recognised in respect of trade and retention receivables, net	21	(3,990)	(538)
Impairment loss recognised in respect of property, plant and equipment and right-of-use assets	17	(3,856)	(4,538)
Other income, gains and losses	9	3,635	2,898
Share of result of an associate	19	(9)	9
Finance income	10	2,544	1,462
Finance costs	10	(987)	(577)
<b>Loss before tax</b>		<b>(17,268)</b>	(37,327)
Income tax expense	11	-	-
<b>Loss for the year</b>	12	<b>(17,268)</b>	(37,327)
<b>Other comprehensive (expense)/income</b>			
<b>Item that will not be reclassified subsequently to profit or loss:</b>			
Exchange differences arising on translation of financial statements from functional currency to presentation currency		(2,626)	1,428
<b>Item that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translation of foreign operations		114	8
<b>Other comprehensive (expense)/income for the year</b>		<b>(2,512)</b>	1,436
<b>Total comprehensive expense for the year</b>		<b>(19,780)</b>	(35,891)
<b>Loss per share attributable to owners of the Company</b>	16		
Basic and diluted loss per share (RMB)		RMB(0.03)	RMB(0.06)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	17	31,150	35,303
Right-of-use assets	18	12,842	14,069
Interest in an associate	19	116	125
Long-term prepayments	23	25	147
		<b>44,133</b>	49,644
Current assets			
Inventories	20	340,943	297,545
Trade and retention receivables	21	28,637	16,671
Financial assets at fair value through other comprehensive income	22	2,963	495
Prepayments, deposits and other receivables	23	18,016	12,766
Bank deposits with original maturity over three months	24	42,651	41,736
Bank balances and cash	24	30,949	18,067
		<b>464,159</b>	387,280
Total assets		<b>508,292</b>	436,924
<b>LIABILITIES</b>			
Non-current liabilities			
Borrowings	28	3,730	–
Lease liabilities	18	6,098	6,851
Deferred income	30	1,437	1,745
		<b>11,265</b>	8,596
Current liabilities			
Trade payables	25	36,984	33,462
Accruals and other payables	26	11,113	8,367
Contract liabilities	27	328,571	238,513
Borrowings	28	3,889	11,727
Deferred income	30	308	308
Lease liabilities	18	1,081	1,090
Tax payables		3,703	3,703
		<b>385,649</b>	297,170
Total liabilities		<b>396,914</b>	305,766
Net assets		<b>111,378</b>	131,158

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	NOTE	2025 RMB'000	2024 RMB'000
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Share capital	31	<b>38,510</b>	38,510
Reserves		<b>72,868</b>	92,648
<b>Total equity</b>		<b>111,378</b>	131,158
<b>Total equity and liabilities</b>		<b>508,292</b>	436,924

The consolidated financial statements on pages 163 to 229 were approved and authorised for issue by the board of directors on 27 March 2026 and are signed on its behalf by:

\_\_\_\_\_  
**Ms. Zhao Shu** – Director

\_\_\_\_\_  
**Mr. Li Ke** – Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

Note	Attributable to owners of the Company					
	Share capital	Share premium	Capital reserves	Other reserves (note i)	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	31,423	849,824	(552,410)	34,224	(199,095)	163,966
Loss for the year	-	-	-	-	(37,327)	(37,327)
Other comprehensive income for the year:						
Exchange differences arising on translation of financial statements from functional currency to presentation currency	-	-	-	1,428	-	1,428
Exchange differences on translation of foreign operations	-	-	-	8	-	8
Total comprehensive income (expense) for the year	-	-	-	1,436	(37,327)	(35,891)
Issue of shares (note 31)	7,087	(2,738)	-	-	-	4,349
Share issuance expenses (note 31)	-	(1,266)	-	-	-	(1,266)
At 31 December 2024	38,510	845,820	(552,410)	35,660	(236,422)	131,158

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

Note	Attributable to owners of the Company					Total RMB'000
	Share capital	Share premium	Capital reserves	Other reserves (note i)	Accumulated losses	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2025	<b>38,510</b>	<b>845,820</b>	<b>(552,410)</b>	<b>35,660</b>	<b>(236,422)</b>	<b>131,158</b>
Loss for the year	-	-	-	-	<b>(17,268)</b>	<b>(17,268)</b>
Other comprehensive (expense)/ income for the year:						
Exchange differences arising on translation of financial statements from functional currency to presentation currency	-	-	-	<b>(2,626)</b>	-	<b>(2,626)</b>
Exchange differences on translation of foreign operations	-	-	-	<b>114</b>	-	<b>114</b>
Total comprehensive expense for the year	-	-	-	<b>(2,512)</b>	<b>(17,268)</b>	<b>(19,780)</b>
At 31 December 2025	<b>38,510</b>	<b>845,820</b>	<b>(552,410)</b>	<b>33,148</b>	<b>(253,690)</b>	<b>111,378</b>

Note:

- (i) Other reserves include (a) the currency translation differences; and (b) the statutory reserves. In accordance with the respective articles of association and board resolutions, certain subsidiaries operated in the PRC (as defined in Note 1) appropriate certain percentage of the annual statutory net profits, after offsetting any prior year losses as determined under the PRC accounting standards, to the statutory reserve before distributing any dividends. The statutory reserve can be used to offset prior year losses, if any, and may be converted into paid-in capital. For the year ended 31 December 2025, no (2024: no) appropriation was made to the statutory reserve.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
OPERATING ACTIVITIES		
Loss before tax	<b>(17,268)</b>	(37,327)
Adjustments for:		
Finance income	<b>(2,544)</b>	(1,462)
Finance costs	<b>987</b>	577
Depreciation of property, plant and equipment	<b>6,208</b>	6,012
Depreciation of right-of-use assets	<b>1,350</b>	1,937
Share of result of an associate	<b>9</b>	(9)
Gain on early termination of leases	<b>–</b>	(272)
Government grants amortised from deferred income	<b>(308)</b>	(308)
Write-down recognised on inventories	<b>1,220</b>	837
Impairment loss recognised in respect of property, plant and equipment and right-of-use-assets	<b>3,856</b>	4,538
Impairment loss recognised in respect of trade receivables and retention receivables, net	<b>3,990</b>	538
Operating cash flows before movements in working capital	<b>(2,500)</b>	(24,939)
Increase in inventories	<b>(44,618)</b>	(78,183)
(Increase) decrease in trade and retention receivables	<b>(15,720)</b>	6,907
Increase in financial assets at fair value through other comprehensive income	<b>(2,468)</b>	(429)
Increase in prepayment, deposits and other receivables	<b>(5,108)</b>	(115)
Increase in trade payables	<b>3,522</b>	10,279
Increase in contract liabilities	<b>90,058</b>	77,346
Increase (decrease) in accruals and other payables	<b>2,814</b>	(2,146)
<b>NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES</b>	<b>25,980</b>	(11,280)

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(5,711)	(8,502)
Withdrawal of restricted bank deposits	–	470
Withdrawals of bank deposits with original maturity over three months	90,230	34,583
Placements of bank deposits with original maturity over three months	(93,358)	(51,211)
Interest received	2,544	1,462
NET CASH USED IN INVESTING ACTIVITIES	(6,295)	(23,198)
FINANCING ACTIVITIES		
Proceeds from issue of shares	–	4,349
Share issuance expenses paid	–	(1,266)
New bank borrowings raised	10,000	9,980
Repayments of lease liabilities	(1,084)	(1,154)
Repayments of bank borrowings	(14,108)	(2,741)
Interest paid	(987)	(577)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(6,179)	8,591
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	13,506	(25,887)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	18,067	44,260
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(624)	(306)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	30,949	18,067

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 1. GENERAL

Denox Environmental & Technology Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 7 November 2014 as an exempted company with limited liability under the Companies Act of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company’s principal place of business in Hong Kong is located at 40/F, Dah Sing Financial Centre, No. 248 Queen’s Road East, Wanchai, Hong Kong.

The Company is an investment holding company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are principally engaged in design, development, manufacture and sale of denitration and other type of environmental protection catalysts in the People’s Republic of China (the “**PRC**”). The ultimate holding company of the Group is Advant Performance Limited, a company incorporated in the British Virgin Islands (“**BVI**”) which is wholly-owned by Ms. Zhao Shu, an executive director and chairlady of the Company (the “**Controlling Shareholder**”).

On 12 November 2015, the Company’s shares were listed on The Stock Exchange of Hong Kong Limited.

Items included in the consolidated financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “**functional currency**”). The consolidated financial statements are presented in Renminbi (“**RMB**”), which is the functional currency of the principal subsidiaries of the Group where the primary economic environment is in the PRC. Other than the subsidiaries established in the PRC which functional currencies are RMB, the functional currency of the Company and other subsidiaries is Hong Kong dollars (“**HK\$**”), United States dollars (“**USD**”) and Euro (“**EUR**”).

## 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

### Amendments to an IFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an IFRS Accounting Standard as issued by the International Accounting Standards Board (the “**IASB**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21 and IFRS1	Lack of Exchangeability
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The application of the amendments to an IFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (continued)

### New and amendments to IFRS Accounting Standards in issue but not yet effective

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

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to IFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 <sup>2</sup>
IFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027.

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

### IFRS 18 – Presentation and Disclosure in Financial Statements

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

### 3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The principal accounting policies are set out below.

### 3.2 Material accounting policy information

#### *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### ***Basis of consolidation*** *(continued)*

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

#### ***Investment in an associate***

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The results and assets and liabilities of the associate are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### *Investment in an associate (continued)*

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9 "Financial instruments", the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### *Revenue from contracts with customers*

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

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

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

Revenue is measured based on the consideration specified in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### *Revenue from contracts with customers (continued)*

##### Sales of catalysts

The Group manufactures and sells plate-type and honey-comb DeNOx catalysts to coal-fired power plants (the “**Power Plants**”), certain engineering, procurement and construction (the “**EPCs**”) service providers and boiler manufacturers in the PRC. The Group is responsible for the delivery of goods to customers’ specified destinations after the sales contracts are signed. The customers are responsible for the test run of the function of the Group’s products after installation, and will issue a preliminary acceptance certificate to the Group when the Group’s products are qualified. Sales of plate-type DeNOx catalysts and honey-comb catalysts are recognised when control of the goods is transferred to the customers, generally coincides with the time of receipt of the preliminary acceptance certificate.

The Group also manufactures and sells DeNOx catalysts for vehicles. The Group normally signs the framework agreements with customers on annual basis. Selling price is negotiated and fixed at each purchase order. Revenue from the sales of DeNOx catalysts for vehicles is recognised at the point in time when control of the catalysts is transferred to customer, which is upon the completed delivery and acceptance of the goods to the customer site.

The Group requires certain customers to provide upfront deposits range from 10% to 30% of total contract sum and this has resulted in a contract liability. For certain plate-type DeNOx catalysts and honey-comb catalysts, the Group also typically agrees to 1 to 3 years retention period from the date of certification for 10% of the contract value. Retention receivables, prior to the expiration of the retention period, are classified as contract assets and are included in the trade and retention receivables line item as the Group’s entitlement to this retention receivables is conditional on the Group’s work satisfactorily passing inspection. The relevant amount of contract assets is reclassified to trade receivables when the retention period expires.

##### Contract assets and contract liabilities

A contract asset represents the Group’s right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

##### Warranties

A customer does not have the option to purchase a warranty separately. The warranties serve as an assurance that products sold comply with agreed upon specifications. Accordingly, the Group accounts for the warranty in accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”.

Provisions for the expected cost of warranty obligations are recognised at the date of sale of the relevant products, at the directors’ best estimate of the expenditure required to settle the Group’s obligation.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### *Leases*

##### Definition of a lease

The Group assesses whether a contract is or contains a lease on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

##### The Group as a lessee

###### *Allocation of consideration to components of a contract*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

###### *Short-term leases*

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases is recognised as expense on a straight-line basis unless another systematic basis is more representative of the time pattern in which economic benefits from leased assets are consumed.

##### Right-of-use assets

The cost of right-of-use assets include:

- the amounts of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### *Leases (continued)*

##### **Right-of-use assets** *(continued)*

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

##### **Lease liabilities**

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency, and start date of the lease and is determined based on the government bonds rate.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, 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 the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments. The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### *Leases (continued)*

##### *Lease liabilities (continued)*

##### *Lease modifications*

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

##### *Sale and leaseback transactions*

The Group applies the requirements to IFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

For a transfer that does not satisfy the requirements as a sale, the Group as a seller-lessee continues to recognise the assets and accounts for the transfer proceeds as borrowings within the scope of IFRS 9.

#### *Foreign currencies*

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Exchange differences relating to the retranslation of the Company's functional currency to the Group's presentation currency (i.e. RMB) are recognised directly in other comprehensive income and accumulated in other reserves. Such exchange differences accumulated in the other reserves are not reclassified to profit or loss subsequently.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### **Foreign currencies** *(continued)*

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of other reserves.

#### **Government grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. This income received related to government grants is included in operating activities in the consolidated statement of cash flows.

#### **Retirement benefits costs**

Payments to defined contribution plans, including state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

#### **Termination benefits**

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

#### **Borrowing costs**

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### *Short-term and other long-term employee benefits*

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS Accounting Standards requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another IFRS Accounting Standards requires or permits their inclusion in the cost of an asset.

#### *Income tax expense*

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interest in an associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interest are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### *Income tax expense (continued)*

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 "Income Taxes" requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

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

Current and deferred tax are recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### *Property, plant and equipment*

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than properties under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group’s accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value of inventories represents the estimated selling price in the ordinary course of business less all estimated costs of completion and costs necessary to make the sale. Goods in transit refer to finished goods in transit and held at customer's place.

#### *Cash and cash equivalents*

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

#### *Financial instruments*

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### *Financial instruments (continued)*

##### Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value depending on the classification of financial assets.

#### *Classification and subsequent measurement of financial assets*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (“**FVTOCI**”):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### *Financial instruments (continued)*

#### **Financial assets** *(continued)*

#### *Classification and subsequent measurement of financial assets (continued)*

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for debt instruments subsequently measured at amortised cost and at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

#### *Debt instruments classified as at FVTOCI*

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments had been measured at amortised costs. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

#### *Impairment of financial assets subject to impairment assessment under IFRS 9*

The Group performs impairment assessment under expected credit loss (“**ECL**”) model on financial assets (including trade and retention receivables, other receivables, deposits, financial assets at FVTOCI, bank deposits with original maturity over three months and bank balances) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“**12m ECL**”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

The Group always recognises lifetime ECL for trade and retention receivables. Except for credit-impaired debtors which were assessed individually, the ECL on these assets are assessed collectively for debtors based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### *Financial instruments (continued)*

#### **Financial assets** *(continued)*

#### *Impairment of financial assets subject to impairment assessment under IFRS 9 (continued)*

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### *Financial instruments (continued)*

#### Financial assets *(continued)*

#### *Impairment of financial assets subject to impairment assessment under IFRS 9 (continued)*

(ii) Definition of default

The Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### *Financial instruments (continued)*

#### *Financial assets (continued)*

#### *Impairment of financial assets subject to impairment assessment under IFRS 9 (continued)*

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For collective assessment, the Group takes into consideration the ageing analysis when formulating the grouping.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Except for investments in debt instruments that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments other than trade and retention receivables by adjusting their carrying amount. For trade and retention receivables, the impairment gain or loss are recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the FVTOCI reserve without reducing the carrying amount of these debt instruments. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

#### *Foreign exchange gains and losses*

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other income, gains and losses' line item as part of the net foreign exchange gains/(losses);

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### *Financial instruments (continued)*

##### **Financial assets** *(continued)*

##### *Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

##### **Financial liabilities and equity**

##### *Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

##### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

##### *Financial liabilities at amortised cost*

Financial liabilities including trade payables, borrowings and other payables are subsequently measured at amortised cost, using the effective interest method.

##### *Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### 3.2 Material accounting policy information *(continued)*

#### *Impairment losses on property, plant and equipment and right-of-use assets*

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (“CGU”) to which the asset belongs. In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or the CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGU. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's material accounting policy information, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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.

### Key sources of estimation uncertainty

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

#### *Impairment assessment on property, plant and equipment and right-of-use assets*

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including sales growth rates, gross profit margin rates within the forecast period, terminal growth rate and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the assets belongs.

The future cash flow is estimated based on past performance and expectation for market development. As the current environment is uncertain, the estimated sales growth rates, gross profit margin rates within the forecast period, terminal growth rate and discount rates are subject to higher degree of estimation uncertainty. Changing the assumptions and estimates, including the sales growth rates, gross profit margin rates within the forecast period, terminal growth rate or discount rates, could materially affect the recoverable amounts.

As at 31 December 2025, the net carrying amounts of property, plant and equipment and right-of-use assets were approximately RMB31,150,000 and RMB12,842,000 (2024: RMB35,303,000 and RMB14,069,000) respectively. Details of the impairment of property, plant and equipment and right-of-use assets are disclosed in notes 17 and 18.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

### Key sources of estimation uncertainty *(continued)*

#### *Impairment of trade and retention receivables*

The impairment provisions for trade and retention receivables are based on assumptions about ECL. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on ageing analysis as well as the Group's historical repayment pattern and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss and other comprehensive income. As at 31 December 2025, the carrying amount of trade and retention receivables was approximately RMB28,637,000 (2024: RMB16,671,000), net of accumulated impairment loss of approximately RMB6,738,000 (2024: RMB3,204,000).

#### *Write-down for inventories*

The management of the Group reviews ageing analysis of inventories at the end of each reporting period and recognises write-down for obsolete and slow-moving items identified that are no longer suitable for sale or use. The Group recognises write-down for inventories based on the assessment of the net realisable value. The management estimates the net realisable value for inventories based primarily on the current market conditions, historical experience of selling products of similar nature and the latest selling prices of catalysts. As at 31 December 2025, the net carrying amount of inventories was approximately RMB340,943,000 (2024: RMB297,545,000), net of accumulated impairment loss for inventories of approximately RMB3,294,000 (2024: RMB2,074,000).

## 5. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group considers its capital structure as the aggregate of total equity and long-term debts less cash and short-term deposits. The Group manages its capital structure and makes adjustments to it in order to have funds available to support the business activities which the board of directors intends to pursue in addition to maximising the return to shareholders. The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Group's management to sustain future development of the business. Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Group, is reasonable.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 6. FINANCIAL INSTRUMENTS

### Categories of financial instruments

	2025 RMB'000	2024 RMB'000
<b>Financial assets</b>		
Financial assets at amortised cost (including cash and cash equivalents)	<b>108,899</b>	82,826
Financial assets at FVTOCI	<b>2,963</b>	495
<b>Financial liabilities and lease liabilities</b>		
Financial liabilities at amortised cost	<b>51,969</b>	52,189
Lease liabilities	<b>7,179</b>	7,941

### Financial risk management objectives and policies

The Group's major financial instruments include trade and retention receivables, financial assets at FVTOCI, deposits and other receivables, bank deposits with original maturity over three months, bank balances and cash, trade payables, accruals and other payables, lease liabilities and borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

### Market risk

#### Currency risk

Several subsidiaries of the Company have foreign currency sales, which expose the Group to foreign currency risk.

Certain bank deposits with original maturity over three months and bank balances are denominated in currencies other than the functional currencies of the relevant group entities. The carrying amounts of the Group's foreign currencies denominated monetary assets at the end of the reporting period are as follows:

	2025 RMB'000	2024 RMB'000
USD	<b>48,369</b>	45,632
EUR	<b>63</b>	2,191
Macau Pataca ("MOP")	<b>6</b>	–
	<b>48,438</b>	47,823

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 6. FINANCIAL INSTRUMENTS *(continued)*

### Financial risk management objectives and policies *(continued)*

#### Market risk *(continued)*

#### Currency risk *(continued)*

##### Sensitivity analysis

The Group is mainly exposed to USD, EUR and MOP.

The following table details the Group's sensitivity to a 10% (2024: 10%) increase and decrease in the functional currencies of the relevant group entities against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 10% (2024: 10%) change in foreign currency rates.

A positive number below indicates an increase in post-tax loss where the respective functional currencies strengthen by 10% (2024: 10%) against the relevant foreign currencies. For a 10% (2024: 10%) weakening of the respective functional currencies against the relevant foreign currencies, there would be an equal and opposite impact on the post-tax loss and the amount below would be negative.

	2025 RMB'000	2024 RMB'000
<b>Impact on loss</b>		
USD	3,863	3,780
EUR	5	165
MOP	–	–
	<b>3,865</b>	<b>3,945</b>

#### Interest rate risk

The Group has no significant interest-bearing assets, other than bank balances and bank deposits with original maturity over three months, details of which have been disclosed in note 24. The Group has borrowings, bank deposits within three months and lease liabilities at fixed interest rates that expose the Group to fair value interest rate risk. The Group has not used any interest rate swaps to mitigate its exposure associated with interest rate risk. However, the management of the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 6. FINANCIAL INSTRUMENTS *(continued)*

### Financial risk management objectives and policies *(continued)*

#### **Credit risk**

As at 31 December 2025 and 2024, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk of the Group mainly arises from trade and retention receivables, deposits and other receivables, financial assets at FVTOCI, bank deposits with original maturity over three months and bank balances. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

For trade and retention receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL collectively by using a provision matrix based on ageing analysis, historical repayment pattern as well as forward-looking information at the end of the reporting period.

For deposits and other receivables, the management makes periodic individual assessment on the recoverability of deposits and other receivables based on historical settlement records, past experience and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The Group believed that there is no significant increase in credit risk since initial recognition and the Group provided impairment based on 12-month ECL. For both years, the Group assessed the ECL for deposits and other receivables are insignificant and thus no loss allowance is recognised, except for balances with credit-impaired debtors which were assessed for ECL individually.

Management considered financial assets at FVTOCI to be low credit risk because they are issued by banks with high credit ratings and thus the impairment provision recognised during the year was limited to 12-month ECL.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 6. FINANCIAL INSTRUMENTS *(continued)*

### Financial risk management objectives and policies *(continued)*

#### Credit risk *(continued)*

#### The Group's exposure to credit risk

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1)	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)	Lifetime ECL – not credit impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 6. FINANCIAL INSTRUMENTS *(continued)*

### Financial risk management objectives and policies *(continued)*

#### Credit risk *(continued)*

#### The Group's exposure to credit risk *(continued)*

The table below details the credit quality of the Group's financial assets as well as the Group's maximum exposure to credit risk by credit risk rating grades.

	Notes	Internal credit rating	12-month or lifetime ECL	31 December 2025			31 December 2024		
				Gross carrying amount	Loss allowance	Net carrying amount	Gross carrying amount	Loss allowance	Net carrying amount
				RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Debt Instruments at FVTOCI – Bill receivables	22	Performing	12-month ECL	2,963	–	2,963	495	–	495
Trade and retention receivables	21	Note	Lifetime ECL (simplified approach)	35,375	6,738	28,637	19,875	3,204	16,671
Deposits and other receivables	23	Performing	12-month ECL	6,662	–	6,662	6,352	–	6,352
Bank deposits with original maturity over three months	24	Performing	12-month ECL	42,651	–	42,651	41,736	–	41,736
Bank balances	24	Performing	12-month ECL	30,949	–	30,949	18,067	–	18,067

Note: For trade and retention receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on trade and retention receivables by using a provision matrix based ageing analysis, historical repayment pattern, adjusted as appropriate forward-looking information. Accordingly, the credit risk profile is presented based on their ageing analysis in terms of the provision matrix, except for balances with credit-impaired debtors which were assessed for ECL individually. Note 21 includes further details on the loss allowance for trade and retention receivables.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 62% (2024: 96%) of the total trade and retention receivables as at 31 December 2025.

The Group's gross trade and retention receivables from top five customers amounting to approximately RMB5,389,000 (2024: RMB7,071,000) representing approximately 15.2% (2024: 35.6%) of the total gross trade and retention receivables as at 31 December 2025.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 6. FINANCIAL INSTRUMENTS *(continued)*

### Financial risk management objectives and policies *(continued)*

#### Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows.

#### Liquidity tables

	Effective interest rate	On demand or within 1 year RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
<b>At 31 December 2025</b>							
<b>Financial liabilities</b>							
Trade payables	-	36,984	-	-	-	36,984	36,984
Accruals and other payables	-	7,366	-	-	-	7,366	7,366
Borrowings	3.0%	4,270	2,900	1,004	-	8,174	7,619
Lease liabilities	3.0%-3.6%	1,329	1,000	3,001	3,001	8,331	7,179
<b>Total</b>		<b>49,949</b>	<b>3,900</b>	<b>4,005</b>	<b>3,001</b>	<b>60,855</b>	<b>59,148</b>

	Effective interest rate	On demand or within 1 year RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
<b>At 31 December 2024</b>							
<b>Financial liabilities</b>							
Trade payables	-	33,462	-	-	-	33,462	33,462
Accruals and other payables	-	7,000	-	-	-	7,000	7,000
Borrowings	3.5%	12,006	-	-	-	12,006	11,727
Lease liabilities	3.6%	1,366	1,000	3,001	4,001	9,368	7,941
<b>Total</b>		<b>53,834</b>	<b>1,000</b>	<b>3,001</b>	<b>4,001</b>	<b>61,836</b>	<b>60,130</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 6. FINANCIAL INSTRUMENTS *(continued)*

### Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured at fair value at the end of each reporting period, grouped into Levels 1 to 3 based on the degree to which the fair value is observable in accordance to the Group's accounting policy.

	2025			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Financial assets at FVTOCI				
Bill receivables	–	–	2,963	2,963

	2024			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Financial assets at FVTOCI				
Bill receivables	–	–	495	495

There were no transfers between levels of fair value hierarchy during the years ended 31 December 2025 and 2024.

### Fair value of financial assets that are measured at fair value on a recurring basis

The valuation techniques and inputs used in the fair value measurements of the financial instrument on a recurring basis are set out below:

Financial instrument	Fair value hierarchy	Fair value as at		Valuation technique and key inputs	Significant unobservable inputs
		2025 RMB'000	2024 RMB'000		
Bill receivables	Level 3	2,963	495	Discounted cash flows – By reference to the present value of the expected future cash flows, based on an appropriate discount rate	Discount rate*

\* The higher the discount rate, the lower the fair value of bill receivables.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 6. FINANCIAL INSTRUMENTS *(continued)*

### Fair value of financial assets that are measured at fair value on a recurring basis *(continued)*

Reconciliation of Level 3 fair value measurements of financial assets on recurring basis:

	Financial assets at FVTOCI RMB'000
At 1 January 2024	66
Received from third parties	100,950
Collection upon expiration/selling of financial assets	(100,502)
Interest expenses on discounted bills	(19)
At 31 December 2024	495
Received from third parties	125,594
Collection upon expiration/selling of financial assets	(122,942)
Interest expenses on discounted bills	(184)
At 31 December 2025	2,963

### Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosure are required)

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

## 7. REVENUE

Revenue represents revenue arising on sales of goods. An analysis of the Group's revenue for the year is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products		
– Sales of goods		
• Plate-type DeNOx catalysts	64,825	53,493
• Honey-comb DeNOx catalysts	121,543	49,794
• DeNOx catalysts for vehicles	2,888	5,676
	<b>189,256</b>	108,963

All revenue from contracts with customers are recognised at a point in time for both years.

### Transaction price allocated to the remaining performance obligations for contracts with customers

As at 31 December 2025 and 2024, all of the Group's remaining performance obligations for contracts with customers are for periods of one year or less. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) as at the end of both reporting periods.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 8. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. The Group’s business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the CODM. As a result of this evaluation, the Group determined that its business, as a whole, falls into one segment. Accordingly, no analysis of this single operating segment is presented.

### Geographical information

The Group’s operation is mainly carried out in the PRC.

Information about the Group’s revenue from external customers is presented based on the location of the operations of customers.

	Revenue from external customers	
	2025	2024
	RMB’000	RMB’000
The PRC	<b>155,451</b>	100,082
Southeast Asia	<b>24,206</b>	1,879
Europe	<b>9,599</b>	7,002
Total	<b>189,256</b>	108,963

As at 31 December 2025, 99.9% (2024: 99.9%) of non-current assets of the Group are located in the PRC.

### Information about major customers

There were no individual customers contributing over 10% of the total revenue of the Group for the both years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 9. OTHER INCOME, GAINS AND LOSSES

	2025 RMB'000	2024 RMB'000
Government grants (note)	400	402
Net foreign exchange gain	211	814
Sales of scrap products	1,654	487
Gain on early termination of leases	–	272
Value-added tax credit	1,107	947
Penalty income	232	–
Others	31	(24)
	<b>3,635</b>	2,898

Note: The Group received in the past a government subsidy of approximately RMB3,080,000 for acquisition of machineries, which has been treated as deferred income and is amortised to profit or loss over the useful lives of the related machineries. This policy has resulted in a credit to profit or loss in the current year of approximately RMB308,000 (2024: approximately RMB308,000).

The remaining amount represented the subsidy income granted to a subsidiary of the Company by the government in Hebei, the PRC. The government grants were one-off with no specific conditions.

## 10. FINANCE INCOME/FINANCE COSTS

	2025 RMB'000	2024 RMB'000
<b>Finance income</b>		
Interest income	2,544	1,462
<b>Finance costs</b>		
Interest expenses on lease liabilities	(281)	(108)
Interest expenses on borrowings	(522)	(450)
Interest expenses on discounted bills	(184)	(19)
	<b>(987)</b>	(577)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 11. INCOME TAX EXPENSE

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI for the years ended 31 December 2025 and 2024.

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits subject to Hong Kong Profits Tax for the years ended 31 December 2025 and 2024.

No provision for income tax of Italy and the United States has been made as the Group did not have any taxable profits subject to the income tax in accordance with the relevant tax laws and regulations in respective countries for the years ended 31 December 2025 and 2024.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of certain PRC subsidiaries of the Group is 25%.

Pursuant to the relevant laws and regulations in the PRC, the Group's subsidiary, Gu'an Denox Environmental Equipment Manufacturing Co., Ltd., ("Gu'an Denox"), was accredited as high and new technology enterprises, and entitled to the preferential tax rate of 15% for the years ended 31 December 2025 and 2024.

No provision for PRC Enterprise Income Tax has been made as the Group has sufficient available tax losses to utilise for any taxable profits subject to PRC Enterprise Income Tax for the years ended 31 December 2025 and 2024.

The income tax expense for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 RMB'000	2024 RMB'000
Loss before tax	(17,268)	(37,327)
Tax at the domestic income tax rate of 25% (2024: 25%)	(4,317)	(9,332)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(106)	(35)
Tax effect of expenses not deductible for tax purpose	3,980	4,299
Tax effect of income that is not taxable in determining taxable profit	(973)	(359)
Tax effect of tax losses not recognised	10,607	6,210
Utilisation of tax losses previously not recognised	(9,191)	(783)
Income tax expense for the year	–	–

Details of deferred taxation are set out in note 29.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 12. LOSS FOR THE YEAR

	2025 RMB'000	2024 RMB'000
Loss for the year has been arrived at after charging:		
Employee benefits expenses:		
Directors' emoluments	1,249	1,973
Other staffs' wages, salaries and bonuses	30,926	23,907
Other staffs' retirement benefits schemes contributions	3,680	3,204
Other staffs' welfare and allowance	966	522
<b>Total employee benefits expenses</b>	<b>36,821</b>	29,606
Auditor's remuneration	690	674
Depreciation of property, plant and equipment	6,208	6,012
Depreciation of right-of-use assets	1,350	1,937
Expenses relating to short-term leases	441	211
Amount of inventories, before write-down, recognised as cost of sales	141,444	80,666
Write-down recognised on inventories included in cost of sales	1,220	837
	<b>142,664</b>	81,503

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

	Fees RMB'000	Salaries RMB'000	Discretionary bonus RMB'000	Retirement benefits schemes contributions RMB'000	Total RMB'000
<b>For the year ended 31 December 2025</b>					
<b>Executive directors:</b>					
Ms. Zhao Shu (Chief executive)	–	216	314	–	530
Mr. Li Ke	–	217	122	62	401
Sub-total	–	433	436	62	931
<b>Non-executive director:</b>					
Mr. Li Xingwu	–	–	–	–	–
Sub-total	–	–	–	–	–
<b>Independent non-executive directors:</b>					
Ms. Chan Yeuk Wa	111	–	–	–	111
Mr. Ong Chor Wei	111	–	–	–	111
Dr. Wang Xueqian (note ii)	96	–	–	–	96
Sub-total	318	–	–	–	318
Total	318	433	436	62	1,249

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(continued)*

	Fees RMB'000	Salaries RMB'000	Discretionary bonus RMB'000	Retirement benefits schemes contributions RMB'000	Total RMB'000
<b>For the year ended 31 December 2024</b>					
<b>Executive directors:</b>					
Ms. Zhao Shu (Chief executive)	–	198	567	–	765
Mr. Li Ke	–	206	616	61	883
Sub-total	–	404	1,183	61	1,648
<b>Non-executive director:</b>					
Mr. Li Xingwu	–	–	–	–	–
Sub-total	–	–	–	–	–
<b>Independent non-executive directors:</b>					
Ms. Chan Yeuk Wa	111	–	–	–	111
Mr. Ong Chor Wei	111	–	–	–	111
Mr. Li Min (note i)	55	–	–	–	55
Dr. Wang Xueqian (note ii)	48	–	–	–	48
Sub-total	325	–	–	–	325
<b>Total</b>	<b>325</b>	<b>404</b>	<b>1,183</b>	<b>61</b>	<b>1,973</b>

Notes:

- (i) Resigned on 28 June 2024.
- (ii) Appointed on 28 June 2024.

Ms. Zhao Shu is also the chief executive of the Company and her emoluments disclosed above include those for services rendered by her as the chief executive.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and its subsidiaries.

The non-executive director's emolument shown above was for his services as director of the Company and its subsidiaries, if applicable.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

During the years ended 31 December 2025 and 2024, neither the chief executive nor any of directors waived or agreed to waive any emoluments. No emoluments were paid or payable by the Group to the chief executive or any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office during both years.

The discretionary bonus is determined by reference to the Group's and the individuals' performance.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, Nil (2024: two) of the directors or the chief executive of the Company whose emoluments are included in the disclosures in note 13 above. The emoluments of the remaining five (2024: three) individuals with the highest emoluments were as follows:

	2025 RMB'000	2024 RMB'000
Salaries and allowances	4,923	1,066
Discretionary bonus	300	1,591
Retirement benefits scheme contributions	225	145
	<b>5,448</b>	<b>2,802</b>

The emoluments of remaining five (2024: three) individuals with the highest emoluments were within the following bands:

	2025 No. of employees	2024 No. of employees
Nil to HK\$1,000,000	3	2
HK\$1,000,001 to HK\$1,500,000	2	1

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

## 15. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2025, nor has any dividend been proposed since the end of the reporting period (2024: Nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 16. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	2025 RMB'000	2024 RMB'000
<b>Loss</b>		
Loss for the purpose of basic and diluted loss per share (loss for the year attributable to owners of the Company)	<b>(17,268)</b>	(37,327)

	Number of shares '000	Number of shares '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<b>592,844</b>	585,825

The diluted loss per share was the same as the basic loss per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 December 2025 and 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 17. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery RMB'000	Vehicles RMB'000	Office equipment and others RMB'000	Leasehold improvements RMB'000	Construction in progress ("CIP") RMB'000	Total RMB'000
<b>Cost</b>							
At 1 January 2024	26,719	78,548	1,586	1,311	791	–	108,955
Additions	–	1,538	7	157	–	6,800	8,502
Disposals/write-off	(1)	–	–	–	–	–	(1)
Transfer from CIP	943	5,366	62	35	–	(6,406)	–
At 31 December 2024 and 1 January 2025	27,661	85,452	1,655	1,503	791	394	117,456
Additions	–	1,968	207	7	–	3,529	5,711
Exchange realignments	–	–	–	1	–	–	1
Transfer from CIP	1,608	2,295	–	20	–	(3,923)	–
At 31 December 2025	29,269	89,715	1,862	1,531	791	–	123,168
<b>Accumulated depreciation and impairment</b>							
At 1 January 2024	13,686	54,817	1,341	1,264	496	–	71,604
Depreciation provided for the year	1,305	4,411	58	151	87	–	6,012
Impairment loss	1,832	2,682	10	14	–	–	4,538
Eliminated on disposals/write-off	(1)	–	–	–	–	–	(1)
At 31 December 2024 and 1 January 2025	16,822	61,910	1,409	1,429	583	–	82,153
Depreciation provided for the year	1,323	4,633	78	87	87	–	6,208
Impairment loss	1,617	2,031	–	9	–	–	3,657
Exchange realignments	–	–	(1)	1	–	–	–
At 31 December 2025	19,762	68,574	1,486	1,526	670	–	92,018
<b>Carrying amounts</b>							
At 31 December 2025	9,507	21,141	376	5	121	–	31,150
At 31 December 2024	10,839	23,542	246	74	208	394	35,303

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 17. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The above items of property, plant and equipment, other than CIP, are depreciated on a straight-line basis over the estimated useful lives of the assets, as follows:

Buildings	20 years
Machinery	5 – 10 years
Vehicles	4 years
Office equipment and others	3 – 5 years
Leasehold improvements	Over the shorter of term of the lease or the estimated useful lives of the assets

In view of the operating losses during the years ended 31 December 2025 and 2024, the directors of the Company have conducted impairment assessment on recoverable amount of the property, plant and equipment and right-of-use assets of the Group. The Group estimates the recoverable amount of three CGUs to which the assets belong when it is not possible to estimate the recoverable amount individually, including Plate-type DeNOx catalysts (the “**Plate-type CGU**”), DeNOx catalysts for vehicles (the “**Vehicle CGU**”) and honey-comb DeNOx catalysts (the “**Honey-comb CGU**”). The recoverable amount of the three CGUs are determined based on value in use calculation performed by the management of the Group with assistance of an independent professional valuer.

Based on the result of the assessment, management of the Group determined that the estimated recoverable amounts of the Plate-type CGU and Honey-comb CGU are higher than their carrying amounts. No impairment loss was identified during the years ended 31 December 2025 and 2024. In addition, the Group estimates the recoverable amount of Vehicle CGU (other than the land use rights under the relevant segment which could be assessed on individual basis per note 18) to which the asset belongs when it is not possible to estimate the recoverable amount individually. The property, plant and equipment and right-of-use assets relevant to Vehicle CGU were impaired with an amount of approximately RMB3,657,000 (2024: RMB4,538,000) and approximately RMB199,000 (2024: Nil), respectively during the year ended 31 December 2025 to their recoverable amount of approximately RMB5,853,000 (2024: RMB11,909,000) and right-of-use asset Nil (2024: RMB733,000), which are their carrying values at 31 December 2025. The recoverable amounts of the Vehicle CGU have been determined on the basis of its value in use using cash flow projection. That calculation uses cash flow projections based on past performance and expectation for market development approved by the management of the Group covering the following 5 years with a pre-tax discount rate of 13.9% as at 31 December 2025 (2024: 13.9%). The cash flows beyond the five-year period are extrapolated using Nil growth rate (2024: Nil). This growth rate is based on the industry growth forecasts and does not exceed the long-term average growth rate for the relevant industry. Other key assumptions for the value in use calculated are the sales growth rates and gross profit margin rates within the forecast period, which are determined based on the CGUs’ past performance and management expectations for the market development.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 18. LEASES

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

	2025 RMB'000	2024 RMB'000
Land	5,171	5,319
Properties	7,671	8,750
	<b>12,842</b>	14,069

Right-of-use assets of RMB5,171,000 (2024: RMB5,319,000) represents land use rights located in the PRC.

The Group has lease arrangements for properties including offices, warehouse and factory. The lease terms are generally ranged from one to ten years (2024: two to ten years). None of these leases include variable lease payments.

Due to a new lease, addition to the right-of-use assets for the year ended 31 December 2025 amounted to approximately RMB328,000 (2024: RMB8,850,000) and lease liabilities of approximately RMB328,000 (2024: RMB8,850,000) was recognised.

During the year ended 31 December 2025, in regard of early termination of lease arrangement, amounting of RMB6,000 (2024: RMB1,540,000) arisen from respective lease liability have been waived and netting off with respective right-of-use assets of RMB6,000 (2024: RMB1,268,000) with the net gain of Nil (2024: RMB272,000) recognised in profit or loss.

As at 31 December 2025, the Group assessed the land use rights and properties included in right-of-use assets by considering their recoverable amounts in respect of the CGUs, having regard to the suffering operating losses. The impairment assessment of right-of-use assets and other assets in respect of the CGUs are set out in note 17.

### (ii) Lease liabilities

	2025 RMB'000	2024 RMB'000
<b>Non-current</b>	<b>6,098</b>	6,851
<b>Current</b>	<b>1,081</b>	1,090
	<b>7,179</b>	7,941

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 18. LEASES *(continued)*

### (ii) Lease liabilities *(continued)*

	2025	2024
	RMB'000	RMB'000
Amounts payable under lease liabilities		
Within 1 year	<b>1,081</b>	1,090
After 1 year but within 2 years	<b>780</b>	1,533
After 2 years but within 5 years	<b>2,608</b>	2,516
After 5 years	<b>2,710</b>	2,802
	<b>7,179</b>	7,941
Less: amount due for settlement within 12 months (shown under current liabilities)	<b>(1,081)</b>	(1,090)
Amount due for settlement after 12 months	<b>6,098</b>	6,851

The weighted average incremental borrowing rates applied on lease liabilities were at 3.00% to 3.60% (2024: 3.60%) per annum.

### (iii) Amounts recognised in profit or loss

	2025	2024
	RMB'000	RMB'000
Depreciation expense on right-of-use assets		
– Land	<b>148</b>	148
– Properties	<b>1,202</b>	1,789
Impairment loss on right-of-use assets	<b>199</b>	–
Interest expenses on lease liabilities	<b>281</b>	108

### (iv) Others

	2025	2024
	RMB'000	RMB'000
Expenses relating to short-term leases	<b>441</b>	211
Total cash outflow of leases	<b>1,806</b>	1,473
Additions of right-of-use assets	<b>328</b>	8,850

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 19. INTEREST IN AN ASSOCIATE

	2025 RMB'000	2024 RMB'000
Cost of investment in an associate – unlisted	600	600
Share of post-acquisition losses and other comprehensive expense	(484)	(475)
	<b>116</b>	125

As at 31 December 2025 and 2024, the Group had interest in the associate:

Name of entity	Form of entity	Place of establishment/ operation	Class of shares held	Proportion of ownership interest/voting power held by the Group		Principal activity
				2025	2024	
廊坊迪諾思環保科技有限公司 Langfang Denox Environmental & Technology Co., Ltd.* ("Langfang Denox")	Company with limited liability	The PRC	Registered capital	40%	40%	Manufacture and sale of DeNOx catalysts for vehicles

\* The English name is for identification purposes only.

In the opinion of the directors of the Company, the associate is immaterial to the Group and no disclosure of its financial information is considered necessary.

## 20. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	25,594	22,607
Work-in-progress	10,219	4,561
Finished goods	32,965	30,403
Goods in transit	272,165	239,974
	<b>340,943</b>	297,545

During the year ended 31 December 2025, write-down was recognised on inventories of approximately RMB1,220,000 (2024: RMB837,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 21. TRADE AND RETENTION RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	22,423	10,274
Retention receivables	12,952	9,601
	<b>35,375</b>	19,875
Less: Allowance for impairment of trade and retention receivables	<b>(6,738)</b>	(3,204)
	<b>28,637</b>	16,671

As at 1 January 2024, retention receivables amounted to approximately RMB6,141,000.

Retention receivables represent the money retained by the Group's customers to secure the due performance of the contracts. The customers normally withhold 3% to 10% of the certified amount payable to the Group as retention money (accumulated up to maximum 10% of contract sum), which is normally recoverable after the completion of defect liability period of the relevant contracts or in accordance with the terms specified in the relevant contracts, ranging from 1 year to 3 years from the date of completion of respective projects. The amount is unsecured and interest-free.

The Group allows a credit period of 30 days to 60 days (2024: 30 days to 60 days) to its customers. The following is an ageing analysis of trade and retention receivables, net of allowance for impairment of trade and retention receivables, presented based on the date of revenue recognition dates, at the end of the reporting period.

	2025 RMB'000	2024 RMB'000
Within 1 year	25,133	13,535
1 year to 2 years	3,232	2,654
2 years to 3 years	272	376
Over 3 years	–	106
	<b>28,637</b>	16,671

The Group measures the loss allowance for trade and retention receivables at an amount equal to lifetime ECL. The ECL on trade and retention receivables are estimated using a provision matrix based on ageing analysis by reference to historical repayment pattern of the debtor and an assessment of both the current as well as the forward-looking information at the reporting date, except for balances with credit-impaired debtors which were assessed for ECL individually.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 21. TRADE AND RETENTION RECEIVABLES *(continued)*

There has been no change in the estimation techniques or significant assumptions made for both years in assessing the loss allowance for the trade and retention receivables.

As at 31 December 2025, the loss allowance for not credit-impaired trade and retention receivables were RMB1,920,000 (2024:RMB1,674,000).

During the year, an ECL of RMB4,818,000 (2024:RMB1,530,000) has been recognised in respect of credit-impaired trade and retention receivables which are mainly due from debtors who face financial difficulties and become probable for default on payment.

As the Group's historical repayment pattern does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The Group recognised lifetime ECL for trade and retention receivables based on the ageing of customers collectively that are not individually significant as follows:

As at 31 December 2025		Gross carrying amount RMB'000
Within 1 year		25,479
1 year to 2 years		3,904
2 years to 3 years		1,174
Over 3 years		–
		<b>30,557</b>

As at 31 December 2024		Gross carrying amount RMB'000
Within 1 year		13,858
1 year to 2 years		3,212
2 years to 3 years		994
Over 3 years		281
		<b>18,345</b>

The weighted average expected loss rate is 19.05% (2024: 16.12%).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 21. TRADE AND RETENTION RECEIVABLES *(continued)*

The movement in the allowance for impairment of trade and retention receivables is set out below:

	2025 RMB'000	2024 RMB'000
At the beginning of the year	3,204	2,723
Net impairment losses recognised	3,990	538
Write-offs	(456)	(57)
At the end of the year	<b>6,738</b>	3,204

## 22. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
Bill receivables	<b>2,963</b>	495

The fair value of bill receivables is disclosed in note 6.

As at 31 December 2025 and 2024, financial assets at FVTOCI represented bill receivables where the contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets.

During the year ended 31 December 2025, the Group entered into factoring arrangements with Baoding Xunna New Energy Technology Co., Ltd. ("**Baoding**"), an independent third party, under which the Group transferred bill receivables with carrying amount of approximately RMB20,263,000 (2024: RMB1,920,000) in exchange for cash consideration of approximately RMB20,079,000 (2024: RMB1,901,000). Debtors will pay amount due directly to Baoding. The Group has no obligation whatsoever to repay any sums received from Baoding, and it has no rights to any additional sums, regardless of the timing or the level of collection from underlying bill receivables. Baoding has no recourse to the Group for either late payment risk or credit risk, the Group has transferred substantially all the risks and rewards of ownership of the bill receivables. The Group derecognised the bill receivables with carrying amount of approximately RMB20,263,000 (2024: RMB1,920,000) and the difference of approximately RMB184,000 (2024: RMB19,000) between the cash consideration of approximately RMB20,079,000 (2024: RMB1,901,000) is recognised immediately as interest expenses in profit or loss.

All financial assets at FVTOCI are aged within 365 days (2024: 365 days).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Value-added tax recoverable	7,807	2,097
Tender deposits	2,574	3,515
Staff advances	2,822	228
Prepayments to suppliers	3,572	4,464
Other receivables	1,266	2,609
	<b>18,041</b>	12,913
Less: prepayments classified as non-current assets	(25)	(147)
Current portion included in prepayments, deposits and other receivables	<b>18,016</b>	12,766

## 24. BANK DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS/BANK BALANCES AND CASH

### Bank deposits with original maturity over three months

As at 31 December 2025, bank deposits with original maturity over three months amounted to approximately RMB42,651,000 (2024: RMB41,736,000). The bank deposits carried interest rate ranging from 3.49% to 3.85% (2024: ranging from 4.60% to 4.82%) per annum as at 31 December 2025.

### Bank balances and cash

Bank balances and cash comprise cash at bank and in hand. Cash at bank carried interest rates ranging from 0.0001% to 0.05% (2024: 0.001% to 0.44%) per annum as at 31 December 2025.

Bank deposits with original maturity over three months and bank balances and cash are denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
RMB	21,730	11,382
HK\$	202	598
USD	48,434	45,632
EUR	3,228	2,191
MOP	6	–
	<b>73,600</b>	59,803

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 25. TRADE PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables	<b>36,984</b>	33,462

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Within 6 months	<b>26,982</b>	25,065
6 months to 1 year	<b>254</b>	3,123
1 year to 2 years	<b>6,128</b>	4,167
Over 2 years	<b>3,620</b>	1,107
	<b>36,984</b>	33,462

The average credit period on purchases is from 30 days to 60 days (2024: 30 days to 60 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

## 26. ACCRUALS AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Accrued payroll and welfare	<b>4,421</b>	4,088
Warranty provision	<b>2,219</b>	1,278
Other tax payables	<b>907</b>	89
Other payables and accruals	<b>3,566</b>	2,912
	<b>11,113</b>	8,367

The warranty provision represents management's best estimate of the Group's liability under assurance-type warranty granted on plate-type DeNOx catalysts and honey-comb DeNOx catalysts, based on prior experience.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 27. CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Advances received to deliver goods	<b>328,571</b>	238,513

As at 1 January 2024, contract liabilities amounted to approximately RMB161,167,000.

Receipts in advance are mainly from sales of plate-type DeNOx catalysts and honey-comb DeNOx catalysts. In general, the Group receives certain percentage of the contract sum as advance payment from the customers upon signing of the sales contracts.

The increase in contract liabilities in 2025 were mainly due to more sales contracts were entered and payment received from customers during the year.

Revenue recognised during the year ended 31 December 2025 that was included in the contract liabilities at the beginning of the year is approximately RMB120,068,000 (2024: RMB70,668,000).

## 28. BORROWINGS

	2025 RMB'000	2024 RMB'000
Bank borrowings secured		
– Current	<b>3,889</b>	11,727
– Non-current	<b>3,730</b>	–
	<b>7,619</b>	11,727

The carrying amounts of the above borrowings are analysed on contractual repayment date as follows:

	2025 RMB'000	2024 RMB'000
The carrying amounts of the borrowings are repayable:		
Within 1 year	<b>3,889</b>	11,727
Within a period of more than one year, but not exceeding two years	<b>2,742</b>	–
Within a period of more than two years but not exceeding five years	<b>988</b>	–
	<b>7,619</b>	11,727

During the year ended 31 December 2024, the Group has obtained a short-term borrowing from a bank of RMB9,980,000 with an interest bearing at fixed rate of 3.45% per annum.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 28. BORROWINGS *(continued)*

During the year ended 31 December 2025, the Group has entered into a sale and leaseback arrangement that do not satisfy the requirement of IFRS 15 in relation to certain machinery. The Group has obtained consideration from a bank of RMB10,000,000 with an interest bearing at 3.0% per annum borrowing in respect of such sale and leaseback arrangement.

The borrowings were pledged by certain buildings and machinery with a carrying amount of approximately RMB5,058,000 (2024: certain machinery with net carrying amount of RMB20,384,000).

## 29. DEFERRED TAXATION

As at 31 December 2025, the Group has unused tax losses of approximately RMB149,499,000 (2024: RMB170,531,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately RMB134,599,000 (2024: RMB166,320,000) that will be expired within ten years. Other losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary difference of approximately RMB7,780,000 (2024: RMB2,789,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary difference can be utilised.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was approximately RMB128,789,000 (2024: RMB97,868,000). No deferred tax liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

## 30. DEFERRED INCOME

	2025 RMB'000	2024 RMB'000
<b>Government grants</b>		
Non-current	<b>1,437</b>	1,745
Current	<b>308</b>	308
	<b>1,745</b>	2,053

During the year ended 31 December 2021, the Group received a government subsidy of approximately RMB3,080,000 for acquisition of machineries. This amount has been treated as deferred income and is amortised to profit or loss over the useful lives of the related machineries. This policy has resulted in a credit to profit or loss in the current year of approximately RMB308,000 (2024: RMB308,000). As at 31 December 2025, an amount of approximately RMB1,745,000 (2024: RMB2,053,000) remains to be amortised.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 31. SHARE CAPITAL

	Number of shares '000	Share capital USD'000
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Ordinary shares of USD0.01 each

### Authorised

At 1 January 2024, 31 December 2024, 1 January 2025 and

31 December 2025	5,000,000	50,000
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	Number of shares '000	Share capital RMB'000
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### Issued and fully paid

At 1 January 2024	494,037	31,423
Issue of shares	98,807	7,087

As at 31 December 2024, 1 January 2025 and 31 December 2025	592,844	38,510
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On 26 January 2024, the Group completed the share subscription agreement in which the Group agreed to issue 98,807,400 subscription shares at the subscription price of HK\$0.048 per share to director in accordance with the terms and conditions of share subscription agreement. The Group recognised share capital of RMB7,087,000, at par value of US\$0.01 per share, and subscription discount of approximately RMB2,738,000, net of share issuance expenses of approximately RMB1,266,000, in share premium at that date.

## 32. MAJOR NON-CASH TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group has below major non-cash transactions.

During the year ended 31 December 2025, the Group entered into a new arrangement in respect of office and factory. At the commencement of leases, the Group recognised right-of-use assets and lease liabilities of approximately RMB328,000 (2024: RMB8,850,000) during the year ended 31 December 2025 which represents the present value of the lease payments that are not paid at that date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 33. CAPITAL COMMITMENTS

	2025 RMB'000	2024 RMB'000
Commitment to contribute capital to an associate (note i)	1,400	1,400
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	2,126	2,825
	<b>3,526</b>	4,225

Note:

- (i) In February 2019, Gu'an Denox, a subsidiary of the Company, and two third party individuals established Langfang Denox, a company engaged in development and manufacture of DeNOx catalysts for vehicles, in which the Group will make a capital contribution of RMB2,000,000 and hold 40% of its total interests. In 2020, the Group contributed an amount of RMB600,000 to Langfang Denox.

## 34. RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs, capped at HK\$1,500 per month, to the MPF Scheme, in which the contribution is matched by employees.

The employees of the Company's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. The subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total cost charged to profit or loss of approximately RMB3,742,000 (2024: RMB3,265,000) represents contributions payable to these schemes by the Group during the year ended 31 December 2025.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 35. RELATED PARTY TRANSACTIONS

- (a) The following persons are related parties of the Group during the years ended 31 December 2025 and 2024:

Name of related party	Nature of relationship
Mr. Chen Qizhao	Close family member of the Controlling Shareholder

### (b) Transactions with related parties

In 2025, the Group has extended one year lease up to 31 December 2025 in respect of a property from Mr. Chen Qizhao. The amount of rent payable by the Group under the lease is approximately RMB328,000 per year, which was fully paid by the Group with the lease payment of approximately RMB328,000 to Mr. Chen Qizhao in 2025. As at 31 December 2025, the right-of-use assets and lease liabilities related to this lease arrangement were RMB328,000 (2024: Nil) and RMB328,000 (2024: Nil).

### (c) Compensation of key management personnel

The remuneration of the directors of the Company and other members of key management during the year was as follows:

	2025 RMB'000	2024 RMB'000
Salaries and allowances	1,420	1,079
Discretionary bonus	926	2,805
Retirement benefits scheme contributions	228	211
	<b>2,574</b>	4,095

The remuneration of the directors of the Company and other members of key management is determined by the remuneration committee of the Company having regard to the performance of individuals and market trends.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	Non-cash changes					31/12/2025 RMB'000
	1/1/2025 RMB'000	Net financing cash flows RMB'000	Finance costs incurred RMB'000	New arrangement RMB'000	Early termination of lease RMB'000	
Lease liabilities (note 18)	7,941	(1,365)	281	328	(6)	7,179
Borrowing (note 28)	11,727	(14,630)	522	10,000	-	7,619
Interest payable	-	(184)	184	-	-	-
	<b>19,668</b>	<b>(16,179)</b>	<b>987</b>	<b>10,328</b>	<b>(6)</b>	<b>14,798</b>

	Non-cash changes					31/12/2024 RMB'000
	1/1/2024 RMB'000	Net financing cash flows RMB'000	Finance costs incurred RMB'000	New arrangement RMB'000	Early termination of lease RMB'000	
Lease liabilities (note 18)	1,785	(1,262)	108	8,850	(1,540)	7,941
Borrowing (note 28)	4,488	(3,191)	450	9,980	-	11,727
Interest payable	-	(19)	19	-	-	-
	<b>6,273</b>	<b>(4,472)</b>	<b>577</b>	<b>18,830</b>	<b>(1,540)</b>	<b>19,668</b>

## 37. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2025, the grant of share options took place on 5 January 2026 in which the Group agreed to offer 28,826,468 share options to 2 executive directors and 40 employees of the Group at the subscription price of HK\$0.1154 per share in accordance with the terms and conditions of the share option agreement. For details, please refer to the Company's announcement dated 5 January 2026.

Moreover, the exclusivity license and technical support agreement took place on 11 February 2026 in which Hainan Botuo, wholly-owned by Mr. Chen, who is the son of Ms. Zhao, the executive director of the Group, agreed to grant the exclusive user right, pre-emption right and technical support services for the manufacture of HB DeCO Catalysts in consideration of both license fee and service and performance fee from the effective date of the agreement to 31 December 2028 in accordance with the terms and conditions of both exclusivity license and technical support agreement. For details, please refer to the Company's announcement dated 11 February 2026 and the Company's circular dated 17 March 2026.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	NOTES	2025 RMB'000	2024 RMB'000
<b>ASSETS</b>			
Non-current assets			
Investment in a subsidiary		–	–
Amounts due from subsidiaries	(a)	<b>224,156</b>	211,089
		<b>224,156</b>	211,089
Current assets			
Prepayments, deposits and other receivables		<b>241</b>	472
Bank deposits with original maturity over three months		<b>23,130</b>	41,736
Bank balances and cash		<b>5,760</b>	318
		<b>29,131</b>	42,526
Total assets		<b>253,287</b>	253,615
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to owners of the Company			
Share capital		<b>38,510</b>	38,510
Reserves	(b)	<b>201,002</b>	201,396
Total equity		<b>239,512</b>	239,906
<b>LIABILITIES</b>			
Current liabilities			
Accruals and other payables		<b>1,288</b>	1,222
Amounts due to subsidiaries		<b>12,487</b>	12,487
Total liabilities		<b>13,775</b>	13,709
Total equity and liabilities		<b>253,287</b>	253,615

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Notes:

- (a) The amount is unsecured, non-interest bearing and not expected to be repaid within one year.
- (b) Movements in reserves

	Share premium RMB'000	Accumulated losses RMB'000	Other reserves RMB'000	Total RMB'000
At 1 January 2024	849,824	(697,174)	48,482	201,132
Loss for the year	–	(4,364)	–	(4,364)
Issue of shares	(2,738)	–	–	(2,738)
Share issuance expenses	(1,266)	–	–	(1,266)
Exchange differences arising on translation of financial statements	–	–	8,632	8,632
At 31 December 2024	845,820	(701,538)	57,114	201,396
Loss for the year	–	(388)	–	(388)
Exchange differences arising on translation of financial statements	–	–	(6)	(6)
At 31 December 2025	845,820	(701,926)	57,108	201,002

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 39. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries as at 31 December 2025 and 2024 are as follows:

Name of subsidiary	Place of incorporation/ operations	Class of shares held	Registered capital/ Issued and fully paid share capital	Proportion of ownership interest held by the Company				Proportion of voting power held by the Company		Principal activities
				Directly		Indirectly		2025	2024	
				2025	2024	2025	2024	2025	2024	
				%	%	%	%	%	%	
Denox Investments Holdings Limited	The BVI	Ordinary share	USD1/USD1	100	100	-	-	100	100	Investment holding
Denox Environmental & Technology (HK) Investments Co., Ltd	Hong Kong	Ordinary share	HK\$1/HK\$1	-	-	100	100	100	100	Investment holding
Beijing Denox <sup>#</sup>	The PRC	Registered capital	RMB270,000,000/ RMB250,000,000	-	-	100	100	100	100	Plate-type DeNOx catalysts design, distribution and selling
Gu'an Denox <sup>*</sup>	The PRC	Registered capital	RMB100,000,000/ RMB100,000,000	-	-	100	100	100	100	Plate-type DeNOx catalysts production
Denox International Holdings Limited	The BVI	Ordinary share	USD1/USD1	-	-	100	100	100	100	Investment holding
Denox International (HK) Limited	Hong Kong	Ordinary share	HK\$1/HK\$1	-	-	100	100	100	100	Investment holding
Denox Environment Europe S.R.L	Italy	Ordinary share	EUR100,000/ EUR100,000	-	-	100	100	100	100	Chemical products distribution and selling
Denox Environment US Corp	The United States	Ordinary share	USD5,000/ USD5,000	-	-	100	100	100	100	Chemical products distribution and selling

<sup>#</sup> Being wholly foreign owned enterprise established in the PRC.

<sup>\*</sup> Being registered as a limited liability company under the PRC law.

None of the subsidiaries have non-controlling interests that are material to the Group.

None of the subsidiaries had issued any debt securities at the end of both years or at any time during both years.

## FIVE YEARS FINANCIAL SUMMARY

### RESULTS

	Year ended 31 December				2025 RMB'000
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	
Revenue	71,460	62,791	126,392	108,963	<b>189,256</b>
Gross profit	12,223	13,390	24,528	27,460	<b>46,592</b>
Loss before tax	(19,453)	(23,531)	(25,434)	(37,327)	<b>(17,268)</b>
Loss for the year attributable to owners of the Company	(12,296)	(23,531)	(25,434)	(37,327)	<b>(17,268)</b>

### ASSETS AND LIABILITIES

	As at 31 December				2025 RMB'000
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	
Total assets	325,787	314,399	371,125	436,924	<b>508,292</b>
Total liabilities	118,266	125,724	207,159	305,766	<b>396,914</b>
Total equity	207,521	188,675	163,966	131,158	<b>111,378</b>

## DEFINITIONS

“2015 Share Option Scheme”	the expired share option scheme which was adopted by the Company on 14 October 2015
“2025 Share Option Scheme”	the share option scheme adopted by the Company on 15 December 2025
“associates”	has the meaning ascribed to it in the Listing Rules
“Annual General Meeting”	the annual general meeting of the Company to be held at Room 1506-1, 12th Floor, Block 2, No. 128 Western South Fourth Ring Road, Fengtai District, Beijing 100070, the PRC on Thursday, 18 June 2026 at 10:00 a.m.
“Articles of Association”	the memorandum and articles of association of the Company (as amended, supplemented or otherwise modified from time to time)
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“CG Code”	Corporate Governance Code contained in Appendix C1 to the Listing Rules
“China” or the “PRC”	the People’s Republic of China and, except where the context requires and only for the purpose of this annual report, references in this annual report to China and the PRC exclude Taiwan, Macau Special Administrative Region and Hong Kong Special Administrative Region
“Company”	Denox Environmental & Technology Holdings Co., Ltd., an exempted company incorporated in Cayman Islands with limited liability, the shares of which is listed on the main board of the Stock Exchange (stock code: 1452)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules and, in the context of this annual report, refers to Ms. Zhao and Advant Performance Limited, a company wholly-owned by Ms. Zhao
“DeNOx”	the process of reducing the NOx concentration in industrial flue gas emissions
“DeNOx catalyst”	a kind of chemical substance which is the core component of SCR, and acts by producing the chemical reaction to convert NOx into N2 and H2O. The basic element of the catalyst mainly includes TiO2 and V2O5
“Directors”	the directors of the Company
“Group” or “Denox” or “our”	Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

## DEFINITIONS

“Listing”	the listing of the Company on the main board of Stock Exchange since the date of 12 November 2015
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“Ms. Zhao”	Ms. Zhao Shu, the chairlady of the Board, an executive Director and chief executive officer of our Group and is our controlling shareholder
“Nomination Committee”	the nomination committee of the Company
“plate-type DeNOx catalyst”	a plate-type DeNOx catalyst takes metal as the carrier. Surface coating is composed of active ingredient
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Reporting Period”	the year ended 31 December 2025
“Remuneration Committee”	the remuneration committee of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shares”	ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholders”	holder(s) of issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“treasury shares”	has the meaning ascribed to it under the Listing Rules
“%”	per cent