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C.banner International Holdings Limited 千百度國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1028)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025 AND CHANGE OF COMPANY SECRETARY AND AUTHORISED REPRESENTATIVE

ANNUAL RESULTS HIGHLIGHTS

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	1,213,182	1,391,552
Gross profit	726,968	786,889
(Loss)/profit before income tax	(136,402)	68,400
Income tax expenses	(13,446)	(20,107)
(Loss)/profit for the year	(149,848)	48,293
(Loss)/profit for the year attributable to:		
Owners of the Company	(150,037)	48,247
Non-controlling interests	189	46
	<u>(149,848)</u>	<u>48,293</u>
	%	%
Gross profit margin	59.9	56.5
Operating profit margin	(11.2)	4.9
Net profit margin	(12.4)	3.5
(Loss)/earnings per share		
– Basic (<i>RMB cents</i>)	(7.14)	2.32
– Diluted (<i>RMB cents</i>)	(7.14)	2.32

The board (the “Board”) of directors (the “Directors”) of C.banner International Holdings Limited (the “Company” or “C.banner”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2025 together with the comparative figures for the year ended 31 December 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Revenue	4	1,213,182	1,391,552
Cost of sales		<u>(486,214)</u>	<u>(604,663)</u>
Gross profit		726,968	786,889
Other income and other gains and losses	5	(95,709)	82,116
Distribution and selling expenses		(652,055)	(681,688)
Administrative and general expenses		(114,767)	(117,902)
Share of loss of an associate		(4)	–
Finance costs		<u>(835)</u>	<u>(1,015)</u>
(Loss)/profit before income tax		(136,402)	68,400
Income tax expenses	6	<u>(13,446)</u>	<u>(20,107)</u>
(Loss)/profit for the year	7	<u>(149,848)</u>	<u>48,293</u>
Other comprehensive expenses:			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value changes of equity investments at fair value through other comprehensive income		<u>(5,333)</u>	<u>(9,607)</u>
Other comprehensive expenses for the year		<u>(5,333)</u>	<u>(9,607)</u>
Total comprehensive (expenses)/income for the year		<u>(155,181)</u>	<u>38,686</u>

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
(Loss)/profit for the year attributable to:			
Owners of the Company		(150,037)	48,247
Non-controlling interests		189	46
		(149,848)	48,293
Total comprehensive (expenses)/income attributable to:			
Owners of the Company		(155,370)	38,640
Non-controlling interests		189	46
		(155,181)	38,686
(Loss)/earnings per share			
– Basic (<i>RMB cents</i>)	9	(7.14)	2.32
– Diluted (<i>RMB cents</i>)		(7.14)	2.32

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

		2025	2024
	<i>Notes</i>	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		167,121	181,449
Right-of-use assets		73,601	73,638
Other intangible assets		945	5,644
Goodwill		5,725	5,725
Interest in an associate		1,996	–
Equity investments at fair value through other comprehensive income (“FVTOCI”)	<i>10</i>	59,000	18,300
Deferred tax assets		30,854	31,226
Long-term deposits, other receivables and prepayments	<i>12</i>	75,943	16,225
		415,185	332,207
Current assets			
Inventories		267,537	302,587
Trade receivables	<i>11</i>	119,297	159,057
Other receivables and prepayments	<i>12</i>	36,223	257,264
Current tax assets		322	202
Bank balances and cash		561,365	429,748
		984,744	1,148,858
Current liabilities			
Trade payables	<i>13</i>	112,008	106,443
Other payables		90,743	107,697
Contract liabilities		37,743	36,065
Lease liabilities		10,369	12,221
Current tax liabilities		29,091	26,518
		279,954	288,944
Net current assets		704,790	859,914
Total assets less current liabilities		1,119,975	1,192,121

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
Non-current liabilities			
Lease liabilities		<u>13,515</u>	<u>7,152</u>
Net assets		<u>1,106,460</u>	<u>1,184,969</u>
Capital and reserves			
Share capital	<i>14</i>	253,114	209,097
Reserves		<u>843,874</u>	<u>966,589</u>
Total equity attributable to owners of the Company		1,096,988	1,175,686
Non-controlling interests		<u>9,472</u>	<u>9,283</u>
Total equity		<u>1,106,460</u>	<u>1,184,969</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

For the year ended 31 December 2025

1. GENERAL INFORMATION

C.banner International Holdings Limited (the “Company”) was incorporated in Bermuda under the Companies Act as an exempted company with limited liability on 26 April 2002. The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda. The address of its principal place of business is Suite 1503, Level 15, Admiralty Centre Tower 1, 18 Harcourt Road, Admiralty, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company. Its subsidiaries, associate and the joint ventures are principally engaged in manufacture and sale of branded fashion footwear and retail of toys. The Company and its subsidiaries are collectively referred to as the “Group”.

The consolidated financial statements are presented in Renminbi (“RMB”), which is the functional currency of the Company.

2. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

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

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

3. OPERATING SEGMENT INFORMATION

The Group’s operating segments are based on information prepared and reported to the chief operating decision makers (“CODM”), the board of directors of the Company, for the purposes of resource allocation and performance assessment.

The Group has three reportable segments as follows:

- retail and wholesale of branded fashion footwear (“Retail and wholesale of shoes”)
- contract manufacturing of footwear (“Contract manufacturing of shoes”)
- retail of toys

The Group’s reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include share of loss of an associate, finance costs and income tax expenses. Segment assets do not include deferred tax assets, current tax assets, and other unallocated head office and corporate assets. Segment liabilities do not include income tax liabilities.

The Group accounts for inter-segment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

The following is an analysis of the Group's revenue and results by operating and reportable segments for the year:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Segment revenue		
Retail and wholesale of shoes		
– external sales	1,105,527	1,150,904
– inter-segment sales	–	10
Contract manufacturing of shoes		
– external sales	43,389	161,483
Retail of toys		
– external sales	64,266	79,165
	<u>1,213,182</u>	<u>1,391,562</u>
Segment revenue	1,213,182	1,391,562
Eliminations	–	(10)
	<u>1,213,182</u>	<u>1,391,552</u>
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Segment results		
Retail and wholesale of shoes	21,347	68,105
Contract manufacturing of shoes	(14,507)	(279)
Retail of toys	(140)	1,589
	<u>6,700</u>	<u>69,415</u>
Finance costs	(835)	(1,015)
Share of loss of an associate	(4)	–
Gain on disposal of subsidiaries	6,787	–
Impairment provision in respect of trade debts (<i>Note 12</i>)	(149,050)	–
	<u>(136,402)</u>	<u>68,400</u>
(Loss)/profit before income tax	(136,402)	68,400
Income tax expenses	(13,446)	(20,107)
	<u>(149,848)</u>	<u>48,293</u>
(Loss)/profit for the year	<u>(149,848)</u>	<u>48,293</u>

The following is an analysis of the Group's assets and liabilities by operating and reportable segments for the year:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Segment assets		
Retail and wholesale of shoes	1,905,861	2,018,743
Contract manufacturing of shoes	43,221	108,880
Retail of toys	–	24,061
	<u>1,949,082</u>	<u>2,151,684</u>
Total segment assets	1,949,082	2,151,684
Eliminations	(641,324)	(720,345)
Unallocated	92,171	49,726
	<u>92,171</u>	<u>49,726</u>
Total consolidated assets	<u><u>1,399,929</u></u>	<u><u>1,481,065</u></u>
Segment liabilities		
Retail and wholesale of shoes	263,876	279,653
Contract manufacturing of shoes	642,430	665,102
Retail of toys	–	45,509
	<u>–</u>	<u>45,509</u>
Total segment liabilities	906,306	990,264
Eliminations	(641,928)	(720,686)
Unallocated	29,091	26,518
	<u>29,091</u>	<u>26,518</u>
Total consolidated liabilities	<u><u>293,469</u></u>	<u><u>296,096</u></u>

Other segment information

	Retail and wholesale of shoes <i>RMB'000</i>	Contract manufacturing of shoes <i>RMB'000</i>	Retail of toys <i>RMB'000</i>	Total <i>RMB'000</i>
For the year ended 31 December 2025				
Depreciation of property, plant and equipment	41,756	1,097	296	43,149
Depreciation of right-of-use assets	16,180	2,426	–	18,606
Amortisation of other intangible assets	4,933	–	52	4,985
(Reversal of write-down)/write-down of inventories, net	(5,485)	780	–	(4,705)
Purchase of property, plant and equipment	28,971	206	–	29,177
Purchase of other intangible assets	398	–	–	398
Provision of expected credit loss on trade receivables	333	81	–	414
Loss on early termination of right-of-use assets	77	–	–	77
Loss/(gain) on modification of right-of- use assets	268	(358)	–	(90)
Interest income on bank deposits	(5,089)	(27)	(4)	(5,120)
	<u><u>(5,089)</u></u>	<u><u>(27)</u></u>	<u><u>(4)</u></u>	<u><u>(5,120)</u></u>

	Retail and wholesale of shoes <i>RMB'000</i>	Contract manufacturing of shoes <i>RMB'000</i>	Retail of toys <i>RMB'000</i>	Total <i>RMB'000</i>
For the year ended 31 December 2024				
Depreciation of property, plant and equipment	43,361	778	599	44,738
Depreciation of right-of-use assets	21,243	4,075	–	25,318
Amortisation of other intangible assets	5,146	–	85	5,231
(Reversal of write-down)/write-down of inventories, net	(1,481)	626	–	(855)
Purchase of property, plant and equipment	68,593	293	–	68,886
Purchase of other intangible assets	224	–	54	278
Reversal of expected credit loss on trade receivables	(1,131)	–	–	(1,131)
Interest income on bank deposits	(10,177)	(51)	(5)	(10,233)
Interest income on other financial assets	(69)	–	–	(69)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Geographical information

The Group's operations are mainly located in the People's Republic of China (the "PRC").

The Group's revenue from external customers, based on location of the domiciles of its group entities and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
The PRC	1,176,441	1,233,006
The United States of America	36,741	158,546
Total	<u>1,213,182</u>	<u>1,391,552</u>

There is no customer contributing over 10% of the total sales of the Group during 2025 (2024: one).

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Customer A	<u>N/A*</u>	<u>157,646</u>

* Customer A did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2025.

4. REVENUE

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Retail and wholesale of shoes	1,105,527	1,150,904
Contract manufacturing of shoes	43,389	161,483
Retail of toys	64,266	79,165
	<u>1,213,182</u>	<u>1,391,552</u>

Disaggregation of revenue from contracts with customers:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Geographical markets		
The PRC	1,176,441	1,233,006
The United States of America	36,741	158,546
	<u>1,213,182</u>	<u>1,391,552</u>

Major products/service		
Retail and wholesale of shoes	1,105,527	1,150,904
Contract manufacturing of shoes	43,389	161,483
Retail of toys	64,266	79,165
	<u>1,213,182</u>	<u>1,391,552</u>

Timing of revenue recognition		
At a point in time	<u>1,213,182</u>	<u>1,391,552</u>

Retail and wholesale of shoes

The Group manufactures and sells self-developed brands and licensed brands footwear to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Wholesale of shoes to customers are normally made with credit terms of 60 to 75 days. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability. The Group would also allow longer credit period for certain customers with long term relationship. No credit terms are granted to retail customers. In respect of sales to retail customers made through cooperative stores, credit terms of 30 to 90 days are granted to cooperative stores.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Contract manufacturing of shoes

The Group acts as an original equipment manufacturer or original design manufacturer for international shoes companies dealing in export. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Wholesale of shoes to customers are normally made with credit terms of 60 days. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Retail of toys

The Group sells toys to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products. No credit terms are granted to customers.

Customer loyalty programmes

Within its retail segment, the Group operates a loyalty points programme, which allows customers to accumulate points when they purchase products in the Group's retail stores. The customers are entitled to redeem the award credits as cash to be used in future sales upon the fulfilment of certain criteria as set out in the terms and conditions of the Group's customer loyalty programme.

Consideration received for the products sold within the retail segment is allocated between the products sold and the points issued based on the relative stand-alone selling prices of the products sold and the points issued. The stand-alone selling prices of the points are determined by applying the expected cost plus a margin approach. The value allocated to the points issued is deferred and recognised as a contract liability. Such contract liability is recognised as revenue when the points are redeemed or expired.

5. OTHER INCOME AND OTHER GAINS AND LOSSES

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Other income			
Government grants	<i>(i)</i>	11,776	40,731
Interest income on bank deposits		5,120	10,233
Interest income on other financial assets		–	69
Gain on disposal of property, plant and equipment		13	10
Interest income on long-term trade debts <i>(Note 12)</i>		–	3,922
Royalties fee income	<i>(ii)</i>	14,877	18,079
Others		15,108	9,779
		<u>46,894</u>	<u>82,823</u>
Other gains and losses			
Net foreign exchange gain/(loss)		61	(1,838)
(Provision)/reversal of expected credit loss on trade receivables		(414)	1,131
Gain on disposal of subsidiaries		6,787	–
Loss on early termination of right-of-use assets		(77)	–
Gain on modification of right-of-use assets		90	–
Impairment provision in respect of trade debts <i>(Note 12)</i>		(149,050)	–
		<u>(142,603)</u>	<u>(707)</u>
Total other income and other gains and losses		<u><u>(95,709)</u></u>	<u><u>82,116</u></u>

Notes:

- (i) The amount mainly represented the unconditional subsidies received from the local governments in the PRC where the Group entities were located for encouragement of business development activities in the local area.
- (ii) This amount represented the royalties charged for the use of the Group's trademarks in the manufacture and sale of footwear, including men's and women's shoes, children's shoes and leather bags.

6. INCOME TAX EXPENSES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current tax – PRC Enterprise Income Tax		
Provision for the year	6,290	16,322
Under-provision in prior year	600	199
	<u>6,890</u>	<u>16,521</u>
Current tax – PRC withholding tax		
Provision for the year	2,266	–
Under-provision in prior year	3,918	–
	<u>6,184</u>	<u>–</u>
Deferred tax		
Provision for the year	372	3,586
Income tax expenses	<u><u>13,446</u></u>	<u><u>20,107</u></u>

Notes:

The Group is not subject to taxation in Bermuda and British Virgin Islands (“BVI”).

No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2025 and 31 December 2024 as the Group did not generate any assessable profits arising in and derived from Hong Kong in both years.

PRC Enterprise Income Tax has been provided at a rate of 25% on the estimated assessable profit for the year ended 31 December 2025 (2024: 25%).

Under the relevant tax law and implementation regulations in the PRC, withholding income tax is applicable to dividends payable to investors that are “non-PRC tax resident enterprises”, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends have their sources within the PRC. Under such circumstances, dividends distributed from the PRC subsidiaries to non-PRC tax resident group entities in Hong Kong shall be subject to the withholding tax at 5% or 10%. Dividend distributed from a PRC subsidiary to a non-PRC tax resident group entity in BVI shall be subject to the withholding tax at 10%.

During the year ended 31 December 2025, certain wholly-owned subsidiaries of the Group incorporated in the PRC had declared dividend amounted to approximately RMB22,656,000 in aggregate to the subsidiary of the Group incorporated in Hong Kong. Such dividend is subjected to the withholding tax at 10%. Income tax of RMB2,266,000 in relation to withholding tax had been recognised for the year ended 31 December 2025.

7. (LOSS)/PROFIT FOR THE YEAR

(Loss)/profit for the year has been arrived at after charging/(crediting):

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Depreciation of property, plant and equipment	43,149	44,738
Depreciation of right-of-use assets	18,606	25,318
Amortisation of other intangible assets	4,985	5,231
Auditors' remuneration	1,880	1,880
Cost of inventories sold	490,919	605,518
Reversal of write-down of inventories (included in cost of inventories sold)	(4,705)	(855)
Provision/(reversal) of expected credit loss on trade receivables	414	(1,131)
Employee benefits expenses (including directors' emoluments)		
– Salaries, bonus and allowances	252,655	266,577
– Retirement benefits scheme contributions	50,424	53,063
	<u>303,079</u>	<u>319,640</u>

8. DIVIDENDS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Special dividend approved of HK\$0.13 (approximate to RMB0.12) per ordinary share	<u>–</u>	<u>245,587</u>

The special dividend of HK\$0.13 (equivalent to approximately RMB0.12) per share total of HK\$270,010,000 (equivalent to approximately RMB245,587,000) approved at the Company's special general meeting on 27 June 2024, all were paid out on 22 July 2024.

The directors of the Company did not recommend the payment of final dividend for the years ended 31 December 2025 and 2024.

9. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately RMB150,037,000 (2024: profit of approximately RMB48,247,000) and the weighted average number of ordinary shares of 2,100,900,000 (2024: 2,077,000,000) in issue during the year.

Diluted (loss)/earnings per share

There was no dilutive potential ordinary shares outstanding for both years. Accordingly, the diluted (loss)/earnings per share is same as basic (loss)/earnings per share for both years.

10. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Unlisted equity investments, at fair value	<u>59,000</u>	<u>18,300</u>

The above investments represented equity investments in certain unlisted companies incorporated in Cayman Islands/the PRC which were intended to be held for the medium to long-term on initial recognition. Designation of these investments as equity investments at fair value through other comprehensive income can avoid the volatility of the fair value changes of these investments to the profit or loss.

11. TRADE RECEIVABLES

The Group's trading terms with other customers are mainly on credit. The credit terms generally range from 30 to 90 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors. The Group would also allow longer credit period for certain customers with long term relationship.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	120,002	159,431
Provision for loss allowance	<u>(705)</u>	<u>(374)</u>
	<u>119,297</u>	<u>159,057</u>

The aging analysis of trade receivables, based on the revenue recognition date, and net of allowance, is as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 60 days	110,258	138,020
61 to 180 days	7,118	17,094
181 days to 1 year	755	2,411
Over 1 year	1,166	1,532
	<u>119,297</u>	<u>159,057</u>

Reconciliation of loss allowance for trade receivables:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of year	374	1,505
Increase/(decrease) in loss allowance for the year	414	(1,131)
Disposal of subsidiaries	(83)	–
At the end of year	<u>705</u>	<u>374</u>

The Group applies the simplified approach under IFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Neither past due nor impaired	Over 1 days to 1 year past due	Over 1 years past due	Total
At 31 December 2025				
Weighted average expected loss rate	0.51%	0.71%	4.63%	0.59%
Receivable amount (<i>RMB'000</i>)	95,822	22,971	1,209	120,002
Loss allowance (<i>RMB'000</i>)	485	164	56	705
At 31 December 2024				
Weighted average expected loss rate	0.16%	0.46%	2.53%	0.23%
Receivable amount (<i>RMB'000</i>)	128,480	29,487	1,464	159,431
Loss allowance (<i>RMB'000</i>)	202	135	37	374

12. OTHER RECEIVABLES AND PREPAYMENTS

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Non-current assets			
Long-term deposits		13,196	14,310
Prepayments		1,608	1,915
Trade debts due from a former subsidiary	<i>(i)</i>	61,139	–
		75,943	16,225
Current assets			
Prepayments		23,652	12,991
Trade debts due from a former subsidiary	<i>(i)</i>	2,000	214,207
Value-added tax receivable		93	10,725
Interest receivables		111	189
Others		10,367	19,152
		36,223	257,264
Total		112,166	273,489

Notes:

- (i) On 18 June 2020, the Group entered into an obligations and debts framework agreement (“Obligations and Debts Framework Agreement”) with Mayflower (Nanjing) Enterprise Limited (“Nanjing Mayflower”), a former subsidiary of the Group.

On 31 July 2020, the Group disposed 100% equity interest in Nanjing Mayflower. Nanjing Mayflower owed various members of the Group the trade debts (“Trade Debts”), being certain intra-group debts which had arisen in the ordinary course of business over the years.

Pursuant to the Obligations and Debts Framework Agreement, Nanjing Mayflower shall settle the Trade Debts during the two years from 31 May 2020 (“the Trade Debts Settlement Period”).

The Trade Debts should be settled during the Trade Debts Settlement Period in the following manner:

- (a) Nanjing Mayflower would lease certain of its immovable property to the Group to offset part of the Trade Debts with the rents payable;
- (b) Should the Trade Debts not being fully settled in the above manner within the two-year period, the Nanjing Mayflower shall pay a sum equivalent to the remaining Trade Debts to the Group upon the expiry of the two-year period.

On 10 March 2022, the Group signed an extension agreement with Nanjing Mayflower, pursuant to which the repayment date of the Trade Debts is extended to 31 May 2023.

On 10 February 2023, the Group further signed an extension agreement with Nanjing Mayflower, pursuant to which the repayment date of the Trade Debts is extended to 31 May 2024.

On 11 June 2024, the Group issued the announcement about the delinquency issues of relevant trade debts due from Nanjing Mayflower, pursuant to which Nanjing Mayflower failed to repay the remaining balance of the Trade Debts as at 31 May 2024 and has defaulted under the Obligations and Debts Framework Agreement.

On 14 July 2025, the Group and Nanjing Mayflower reached a civil mediation settlement through the civil mediation proceedings chaired by the People’s Court of Nanjing Qinhuai District (the “Court”), and the Court has issued a Civil Mediation Order (the “Civil Mediation Order”). Regarding to the Civil Mediation Order, it was agreed by the Group and Nanjing Mayflower that the amount of RMB65,157,000 would be fully settled for repayments by installments from October 2025 to March 2045. If Nanjing Mayflower fails to make any payment on time or in full, the Group reserves the right to apply for compulsory enforcement of the remaining unpaid balance through the Court.

Taking into account the settlement terms under the Civil Mediation Order, the impairment loss of RMB149,050,000 on Trade debts has been recognised for the year ended 31 December 2025.

As at 31 December 2025, the Trade Debts due from the Nanjing Mayflower with carrying amount of RMB63,139,000 (2024: RMB214,207,000) are secured by the Nanjing Mayflower’s land use rights and buildings as collateral with a fair value of approximately RMB145,800,000 (2024: approximately RMB153,600,000) in total.

13. TRADE PAYABLES

	2025 <i>RMB’000</i>	2024 <i>RMB’000</i>
Trade payables	112,008	106,443

The aging analysis of trade payables, based on the invoice date, is as follows:

	2025 <i>RMB’000</i>	2024 <i>RMB’000</i>
0 to 90 days	109,761	101,556
91 to 180 days	358	486
181 days to 1 year	555	225
Over 1 year	1,334	4,176
	112,008	106,443

14. SHARE CAPITAL

	Number of shares	Amount <i>USD'000</i>	Amount <i>RMB'000</i>
Ordinary shares of USD0.015 each			
Authorised:			
At 1 January 2024 and 31 December 2024, 1 January 2025 and 31 December 2025	<u>20,000,000,000</u>	<u>300,000</u>	<u>2,119,284</u>
	Number of shares	Amount <i>USD'000</i>	Amount <i>RMB'000</i>
Issued and fully paid:			
At 1 January 2024, 31 December 2024 and 1 January 2025	2,077,000,000	31,155	209,097
Issue of ordinary shares	<u>415,400,000</u>	<u>6,231</u>	<u>44,017</u>
31 December 2025	<u>2,492,400,000</u>	<u>37,386</u>	<u>253,114</u>

On 11 December 2025, 415,400,000 shares were issued by the Company to nine independent parties at the subscription of HK\$0.205 per share for a total consideration, before expense, of RMB77,452,000 (HK\$85,157,000). The expenses directly attributable to the issue of shares is amounted to RMB780,000 (HK\$858,000). In result, share capital of RMB44,017,000 and share premium of RMB32,655,000 were credited and recognised during the year ended 31 December 2025.

During the year ended 31 December 2025 and 2024, the Company did not repurchase any shares through the Stock Exchange.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The World Bank’s “Global Economic Prospects” report has raised the global economic growth forecast for 2026 to 2.6%, an increase of 0.2 percentage point from the June 2025 projection. Although the global economy has shown resilience, driven in part by a surge in artificial intelligence (AI) investments, it faces challenges such as trade tensions and policy uncertainties. The period from 2020 to 2030 may become the weakest decade for the global economic growth since the 1960s. Global trade growth in 2026 is expected to slow down due to U.S. tariff policies. Amid mounting new challenges and rising uncertainties, countries will continue to face numerous tests.

The global economy continues to face multiple downside risks: the divergence in monetary policies among major economies, with countries such as the United States and those in Europe maintaining high interest rates to curb inflation, may intensify capital outflow pressures in emerging markets; the rise of trade protectionism, coupled with insufficient coordination between regional trade agreements and the global trading system, continues to strain supply chains in manufacturing sectors such as footwear; and the frequent occurrence of extreme climate events also poses challenges to the stability of raw material supplies, such as leather and rubber, and cost control.

According to the National Bureau of Statistics, China’s gross domestic product (GDP) reached RMB140.1879 trillion in 2025, surpassing the RMB140 trillion threshold for the first time and representing a year-on-year growth of 5.0%. Key indicators, including total grain output, industrial production, service sector performance, and total retail sales of consumer goods, all recorded growth. Economic development in 2025 moved towards innovation-driven and high-quality growth, with the expected targets successfully achieved. The National Bureau of Statistics stated that the Chinese economy is capable of withstanding challenges, even severe storms and tests. The year 2026 marks the beginning of the country’s 15th Five-Year Plan. Overall, opportunities outweigh challenges, and favourable conditions are stronger than unfavourable factors.

According to data released by the National Bureau of Statistics on 19 January 2026, China’s total retail sales of consumer goods reached RMB50.1202 trillion in 2025, representing a year-on-year growth of 3.7%. Online retail sales for the year amounted to RMB15.9722 trillion, up by 8.6%. Within this, retail sales of goods increased by 3.8%.

In 2025, the market sales scale expanded, with service retail experiencing relatively rapid growth. As policies aimed at boosting domestic demand, such as trade-in programs, demonstrated stronger effectiveness, the domestic consumer market exhibited steady growth driven by new forms of service consumption. The total retail sales of consumer goods steadily increased. Consumption of basic daily necessities grew steadily, while sales of upgraded products such as smart and green goods stood out. Integrated online and offline consumption continued to flourish.

In 2025, China's footwear industry demonstrated a development pattern of "overall growth with structural differentiation". According to forecasts from multiple institutions, the industry trends are characterized by intensified consumer segmentation, where the high-end market pursues cultural identification and technology integration, the mass market emphasizes cost-effectiveness and practicality, and the lower-tier market is dominated by affordable basic styles. Technological innovation is accelerating, with sustainable materials like bio-based leather approximating the performance of traditional chemical alternatives. Leading companies are widely adopting automated production lines, while technologies such as 3D printing and digitalization are increasingly applied in footwear design and manufacturing.

The Central Government will comprehensively promote and implement special actions to boost consumption, helping middle- and low-income groups increase their income and reduce their burdens, thereby effectively enhancing their consumption capacity, willingness and level. It will actively innovate diverse consumption scenarios and continuously expand the scale of service consumption. We are confident that with the strong support of government policies, the fundamental trend of China's long-term economic improvement will remain unchanged, and both the domestic consumer market and macroeconomic performance will steadily recover and move in a positive direction.

Looking ahead, the Company remains steadfast in advancing its strategic transformation by focusing on its core footwear business, optimizing omni-channel experiences, and continuously enhancing operational efficiency. We will further strengthen our core competitiveness, refine operational management, and effectively implement strategic initiatives to fully unlock brand value, solidify market advantages, and drive sustained business growth, proactively seizing new opportunities while navigating challenges.

Continuous Optimization of Retail Network

In 2025, the Company continued its strategy of "expanding high-performing stores and adjusting underperforming ones", further optimizing its offline store structure. In recent years, we have adhered to an optimization-centric strategy, continuously improving channel efficiency, building an omni-channel retail ecosystem, refining business operations, and developing more precise online marketing channels. This year, the Group has further adjusted its strategic direction by optimizing store network layout and upgrading inventory management mechanisms, achieving steady improvement in operational quality while solidifying its market position.

During the year under review, the Group recorded a net reduction of 59 proprietary shoe retail outlets and 17 third-party retail outlets, respectively. As at 31 December 2025, the Group operated a network of 775 proprietary shoe retail outlets and 164 third-party retail outlets across China, maintaining a strong presence in 31 provinces, municipalities and autonomous regions.

The following table shows the Group’s geographic distribution of shoes outlets:

Distribution Regions	C.banner		EBLAN		MIO		Naturesun		Total
	Proprietary outlets	Third-party outlets	Proprietary outlets	Third-party outlets	Proprietary outlets	Third-party outlets	Proprietary outlets	Third-party outlets	
Northeast region	73	9	17	11	10	1	–	121	
Northern China	86	67	12	15	27	5	–	212	
Eastern China	155	24	24	53	3	30	1	290	
Shanghai area	60	–	–	7	–	6	–	73	
Southern China	88	4	–	9	–	1	–	102	
Western China	99	15	3	17	4	3	–	141	
Total	<u>561</u>	<u>119</u>	<u>56</u>	<u>112</u>	<u>44</u>	<u>46</u>	<u>1</u>	<u>939</u>	

Notes:

- (1) Northeast region includes Jilin Province, Liaoning Province, Heilongjiang Province and Hulunbuir City in Inner Mongolia Autonomous Region;
- (2) Northern China includes Beijing, Tianjin, Inner Mongolia Autonomous Region (except Hulunbuir City), Hebei Province, Shanxi Province, Henan Province and Shandong Province;
- (3) Eastern China includes Jiangsu Province, Anhui Province and Hubei Province;
- (4) Shanghai area includes Shanghai City and Zhejiang Province;
- (5) Southern China includes Hunan Province, Jiangxi Province, Fujian Province, Guangdong Province, Hainan Province and Guangxi Autonomous Region; and
- (6) Western China includes Shaanxi Province, Qinghai Province, Gansu Province, Xinjiang Autonomous Region and Ningxia Autonomous Region, Sichuan Province, Guizhou Province, Yunnan Province, Chongqing City and Tibet Autonomous Region.

Enhancement of Single-Store Operational Efficiency and Inventory Optimization

During the year ended 31 December 2025, the Group consistently adhered to its core strategy of “optimizing channel structure and enhancing single-store performance”, focusing on strengthening the operational efficiency of its offline retail network. Our offline sales system primarily comprises three major channels: outlet stores, shopping centers, and department stores. By dynamically adjusting store layouts, closing underperforming stores and optimizing resource allocation, we effectively improved the overall profitability and ensured steady operational development.

The Group will continue to focus on enhancing the offline sales performance of individual stores. In the second half of this year, we systematically closed a number of underperforming stores in department store channel while striving to minimize the impact of this move on the overall retail business to maintain stable market share. The total number of outlet stores and shopping center stores remained relatively steady, with a selective approach to opening and adjusting stores.

In the future, the Group will continue to focus on enhancing single-store profitability, strengthening inventory control, and driving same-store sales growth across all offline stores. As the store network restructuring progresses, we believe that systematic evaluation of the distribution network will provide a comprehensive perspective for business operations, enabling a better balance among cost control, revenue sources, brand influence, and market share.

Decentralization and Refined Operation of Channels

C.banner is a well-known fashion women's footwear brand in China, established in 1995. The year 2025 marks its 30th anniversary. The Group currently operates 939 offline stores nationwide, of which 775 are self-operated. It has established 6 retail regions and 24 branches. Key sales channels include department stores, outlet stores, shopping centers and online e-commerce platforms. As a mid-to-high-end women's footwear brand with a thirty-year history, C.banner continues to serve core customer groups such as mature white-collar workers, refined mothers, youth in smaller towns, professionals, teachers, doctors and civil servants.

Currently, the Group operates two business lines. On the domestic sales front, we manage the direct sales operations of four brands through online and offline channels. We also have a small-scale franchising business and distribution operations. On the other hand, we operate a production base in Dongguan, engaged in contract manufacturing of footwear for export.

C.banner adheres to the management philosophy of "wherever consumers are, we are there". In the future, the Group will continue to prioritize expanding the Chinese market, which is a large market and holds vast potential. With nearly 1,000 stores nationwide, there remains ample room for growth. We will deepen our presence through refined operations, focusing on strategic expansion, localized engagement, and enhanced experiences to seize more market opportunities.

Continuously Advancing Omni-channel Development and Promoting Online-offline Integration

In 2025, the Company continued to increase investment in online channels, achieving multi-dimensional development across “consolidating platform based e-commerce, breaking through in live-streaming e-commerce, and deepening private traffic operations”. In the platform based e-commerce sector, flagship stores on Tmall and JD.com boosted sales through promotional campaigns. In the live-streaming e-commerce sector, the Company has established a dedicated live-streaming team, implementing a dual-drive model of “brand self-streaming + collaborations with key opinion leaders (KOLs)” on platforms like Douyin and Kuaishou. In the private traffic sector, membership users were cultivated through corporate WeChat communities and WeChat Mini Program store.

To address pain points in online operations, the Company further upgraded the “Shenhui E-commerce Product Digitalization Solution”: by optimizing AI image processing capabilities, automatic cropping, resizing, and detail page generation for product images were achieved, significantly improving product launch efficiency; the multi-platform field auto-matching system was enhanced, resolving repetitive data entry issues during multi-platform product launches and saving operational manpower; AI customer service bots were introduced to handle common inquiries (such as size checks and return/exchange processes), reducing response times and increasing customer satisfaction.

Intensifying Marketing Efforts on High-traffic Social Media Platforms

Despite fluctuations in the global market environment and the continuous evolution of consumer behavior, China’s domestic online shopping market continues to develop rapidly. The growing purchasing power of the younger consumer demographic has further propelled the vigorous growth of the e-commerce market. The application of new technologies such as big data and AI have given rise to diverse consumption scenarios, while new consumption models like live-streaming e-commerce and instant delivery are continuously emerging.

In 2025, the e-commerce industry continued its growth trend. According to the data from the National Bureau of Statistics, online retail sales nationwide reached RMB15.9722 trillion in 2025, an increase of 8.6% compared to the previous year. Within this, online retail sales of physical goods amounted to RMB13.0923 trillion, up by 5.2%, accounting for 26.1% of the total retail sales of consumer goods. Among online retail sales of physical goods, sales of food, clothing and daily-use items grew by 14.5%, 1.9% and 4.1%, respectively.

As a pivotal form of new retail, live-streaming e-commerce integrates offline experiences with online convenience, profoundly reshaping consumer habits. C.banner has proactively expanded its presence on content platforms such as Xiaohongshu and Douyin, enhancing user engagement through real-time interactions and limited-time promotions. The Company has established a comprehensive live-streaming system encompassing instructional content, product showcases and cross-regional broadcasts. Leveraging collaboration between headquarters and regional teams, C.banner has achieved full-coverage, multi-platform simultaneous live-streaming operations.

In terms of omni-channel development, the Company continued to advance the integration of online and offline operations. In the social e-commerce segment, efforts were focused on optimizing Youzan Mall operations and managing corporate WeChat communities. For content marketing, live-streaming and short video placements on Douyin were strengthened, along with increasing advertising efforts on Xiaohongshu. Through collaborations with platforms such as Meituan and Dianping, local lifestyle services effectively directed online traffic to offline stores. Additionally, leveraging a WeChat Official Account with tens of millions of followers, we continuously enhanced the shopping and guided shopping services on the WeChat Mini Program store, building a complete closed-loop private traffic system.

In KOL collaborations, the Company adopted a tiered strategy, maintaining partnerships with top-tier streamers for popular products while actively nurturing promising mid-tier and emerging influencers. Through precise data matching, we continuously optimizing resource allocation, enhancing brand exposure while managing return-on-investment risks. For the core middle-class customer base, we focused on balancing product quality with price competitiveness. By refining live-streaming product selections and enhancing membership service systems, we have gradually built stable customer loyalty.

To address the inventory challenges posed by the high return rates in live-streaming e-commerce, the Company is seeking breakthroughs through multi-dimensional measures such as optimizing the supply chain and innovating pre-sale models. At the same time, we continued to enhance cross-channel collaboration efficiency and content delivery precision to maintain a differentiated competitive edge in the market. C.banner believed that through digital empowerment and omni-channel integration, it can create a smoother shopping experience for consumers, thereby continuously enhancing brand value.

Driving Digital Transformation and Innovation

The footwear and apparel industry has been facing the long-term dual challenges of high inventory and frequent stockouts. To address these issues, C.banner is proactively seeking to upgrade its operational model through digitalization. In response to inventory and stockout problems, the Group has partnered with Alibaba Cloud to establish a unified data-sharing center through its business middleware. This platform enables centralized management of product information, real-time inventory visibility, and the integration of multi-brand, multi-channel membership systems. This data-driven solution systematically optimizes the synergy between supply chain and sales efficiency.

In its transformation journey, the Group has adopted a phased implementation strategy, coordinated and advanced by the headquarters, with the goal to enhance workforce efficiency and product effectiveness. We are transitioning from a traditional product-driven brand to a customer-centric, data-driven enterprise. In 2025, we launched AI-powered intelligent training, an intelligent outbound call system, and a smart order replenishment and allocation system, gradually laying the foundation for digital transformation.

Digital transformation has become a consensus in the industry, with the key lying in the depth and precision of execution. Focusing on its direct retail model, the Company has prioritized strengthening capabilities in product management, supply chain, membership operations, and team collaboration. By leveraging Alibaba Cloud’s middleware, C.banner has achieved unified management of multi-channel products, inventory, orders and memberships. This has effectively alleviated the issues of high inventory and high stockout rates, leading to a significant improvement in customer satisfaction.

Through data integration and centralized control, we have established a business sharing center, laying the foundation for omni-channel integration. In the future, we will further achieve sharing of omni-channel products, inventory, memberships and transactions, seamlessly connecting online and offline business operations. At the same time, the Group is promoting the integration of finance and business units, making settlement processes more aligned with actual business conditions and enhancing operational efficiency.

Furthermore, leveraging internet middleware technology, we have enhanced the efficiency of order processing, inventory synchronization, report generation, and other operational stages. We continuously optimized process automation and approval mechanisms to strengthen refined management. The information technology team has also improved its capabilities through the middleware development, enabling more agile responses to business and market changes.

Optimizing Core Product Lines and Creating Hit Products

In 2025, the Company further optimized its product structure in line with the product strategy of “Consolidating Classics, Innovating Trends and Strengthening Functions”. For the core product lines, the classic business shoe series under the C.banner brand maintained steady sales, among which the noiseless step series has been upgraded to the fifth generation. Up to now, sales of our noiseless step shoes account for approximately 20% of the total sales revenue.

C.banner noiseless step shoes adopt a variety of high-tech solutions for noise reduction: the dual-density heel design absorbs and disperses impact forces, the special anti-slip and noise-dampening material of the outsole reduces friction-induced noise, and the midsole shock absorption technology minimizes noise transmission while enhancing wrap and comfort. With the optimized overall structure, walking noise can be reduced by up to 67%. In 2025, the brand launched a 30th anniversary commemorative edition of noiseless step shoes, which was widely favoured by consumers.

In building blockbuster products, the Company has established a blockbuster incubation system of “Market Insight – Rapid R&D – Precision Promotion”: it analyzed consumer preferences through big data, such as identifying popular elements like “low heels, metal decorations and light color schemes” in the spring of 2025; it has launched corresponding styles at a fast pace in collaboration with external designer teams, such as the “Spring Metal Buckle Pumps” released under the MIO brand; and it has carried out precision promotion via live-streaming e-commerce and KOL recommendations. This product was emerging as a hot-selling online blockbuster.

Committed to Building a Shoe Store for One Family

The Group has innovatively created the exclusive concept of a “One-stop Shoe Store for the Whole Family”, building a one-stop consumption experience space for footwear. Customers can purchase a full range of footwear products in C.banner stores, covering the entire series of men’s, women’s and children’s shoes. The stores feature an elaborately selected collection of popular shoe styles, including snow boots, Birkenstock-style shoes, dad shoes and other trendy designs, with all styles readily available. Adhering to the concept of family-friendly product selection and services, the Group is committed to enabling every family member to find footwear that meets their individual needs in the stores, truly realizing a one-stop solution for the family’s footwear consumption.

The Group consistently placed creating exceptional consumer experiences at the core, deeply integrating creative design with thoughtful service. Stores are equipped with professional shopping consultants who provide comprehensive assistance in product selection and styling throughout the shopping process. When customers raise purchasing questions, consultants promptly offer personalized advice, ensuring an efficient and pleasant shopping experience. The stores feature European-style design and include specially designed children’s play areas, where kids can enjoy building with LEGO bricks while parents shop with peace of mind. Additionally, a book exchange activity is launched, allowing children to gain knowledge and fun while shopping, creating a warm, enjoyable, and memorable consumer experience in every aspect.

Keeping Pace with Sustainable Fashion

At the end of 2025, the global “zero fur” movement achieved a series of milestone developments. C.banner actively responded to the trend of sustainable fashion by joining the international zero-fur initiative, leading Chinese brands in fulfilling social responsibility. Driven by both rising consumer awareness and global trends, Chinese companies are taking proactive steps. In December 2025, the well-known mid-to-high-end footwear brand “C.banner” formally joined the “International Fur-Free Retailer (FFR)” program promoted by ACT Asia. The Group has committed to ceasing the production and sale of all animal fur products starting from 2026. This move not only aligns with the global sustainable fashion trend but also represents a practical step by the brand to uphold social responsibility and meet consumer expectations.

Introducing External High-quality Resources to Explore New Drivers for the Group's Growth

In the Group's core footwear product portfolio, classic and fashionable formal shoes account for approximately 30%-40%, while fashionable casual and outdoor sports footwear make up 60%-70%. Beyond continuous improvements to the product line, the Company is also focused on exploring new growth drivers. In October 2025, the Group announced a targeted fundraising plan, with proceeds allocated for exploring AI technologies, optimizing the retail network, and upgrading business operations. This aimed to reshape its valuation logic in the capital market through systematic strategic transformation.

Alongside the financing plan and the addition of seasoned professionals from the AI field to the Board, the Company announced a plan to raise approximately HK\$227 million. This includes the issuance of 415.4 million subscription shares and 474.5 million warrants to subscribe for new shares of the Company. The raised funds will be primarily allocated toward AI exploration, retail network optimization, and new business transformation. In addition to fundraising, the Company has further reinforced its transformation strategy through restructuring the Board. The two new Directors, with their backgrounds in technology and capital markets, would provide C.banner with dual support in terms of "technological empowerment" and "capital connectivity". By introducing external high-quality resources and clarifying the direction of transformation, the Company is actively seeking new growth drivers for the Group.

Outlook

As we enter 2026, the market is cautious about the global economic outlook. According to the International Monetary Fund's forecast, the economic growth rate in 2026 will remain at 3.2%. For the global economy, inflation, interest rates and tariffs will bring instability to 2026. In his New Year's address, President Xi Jinping acknowledged the "challenges posed by the uncertainty of the external environment" but said China's economy was on an "upward trajectory". Those efforts are starting to take effect, and the World Bank has raised its 2026 economic growth forecast for China from 4.1% to 4.5% at the end of December last year. We believe that China can still perform well and maintain growth at a steady pace.

With the upgrade of China's consumption and the increase of residents' disposable income in recent years, the size of the footwear market is expected to maintain a steady growth trend. According to the data from a German data company, Statista, China's luxury footwear market is worth approximately US\$5 billion this year and is expected to grow at an annual rate of 7.6% in the next few years. According to the statistics, the luxury footwear market is expected to grow significantly, from US\$38.17 billion in 2024 to US\$74.39 billion in 2034, with a compound annual growth rate of more than 6.9%. By 2026, industry revenue is expected to reach US\$40.54 billion. China's fashion footwear market is currently developing rapidly and continues to meet consumer demand. The market is diversified, innovative and has a rising market size. There will be an extremely broad market space in the future.

The growth rate of China's retail market scale of 2025 is 0.2 percentage point higher than that of 2024, with its scale being the top globally. Final consumption expenditure contributed 52% to economic growth, an increase of 5 percentage points from the previous year, making it the primary driver and stabilizing anchor of economic growth. As living standards improve, household consumption is shifting from being predominantly goods-based to a balanced emphasis on both goods and services, with the potential of service consumption continuously being unleashed. Therefore, the Group remains highly confident in the long-term development of China's consumer market. However, the macro environment continues to face various pressures. Accordingly, the Group will remain vigilant, leveraging its competitive advantages and decades of accumulated strengths to navigate challenges and seize opportunities.

With globalization and a more open market, rising labor costs, intensified market competition and increasingly diversified and personalized consumer demands, footwear companies are facing unprecedented pressure in product design, production processes and marketing. However, the development of digital technologies such as big data, cloud computing, the Internet of Things, and AI has brought new opportunities for the transformation and upgrading of footwear companies. C.banner will actively realize the digital transformation of the enterprise. Through digital empowerment, it can achieve comprehensive improvement in product design, production management, supply chain optimization and marketing, which will not only help the Group improve its competitiveness, but also create new business value and market opportunities for the enterprise. C.banner wants to transform from a brand company that manages products to a data company that manages customers. In 2026, we will continue to develop AI intelligent training, intelligent outbound calls, and intelligent ordering and replenishment systems, and gradually realize digital transformation and upgrading.

The Group will use AI to assist in brand market design and planning, improve labor efficiency, store efficiency and product efficiency, and meet customers' daily life and scenario-based needs. We will use AI in store operation systems, membership operation systems, cloud warehouse management systems, and transaction management system to reflect inventory in cloud warehouses. When customers place orders, cloud warehouses ship goods in a unified manner, achieving the purpose of sharing inventory and accelerating turnover. At the same time, with the help of external AI training, AI customer service, data insights and content production systems, the Company is assisted in omni-channel sales.

C.banner attaches great importance to refined operations under the three-dimensional coordinates of membership, community and live broadcast. The Company has established a private traffic pool that directly reaches customers and conducts independent private traffic control, becoming an inevitable choice for brands. At the same time, the Company implements digital management of existing stores through channels such as mini program mall, mini program live broadcast, and private domain traffic operation to provide consumers with full-scenario and omni-channel services.

C.banner attaches great importance to the growth of effective members. In daily operations, in order to make shopping guides pay more attention to in-store consumers and potential consumers, C.banner positions itself as a mini-program mall, creating an omni-channel shopping experience for users that seamlessly connects online and offline; it also regularly organizes online shopping in branches. VIP activities include online invitations and offline experiences accompanied by shopping guides to increase member engagement and repurchase rate.

C.banner's core operational strategies include: core product line strategy, hot-selling strategy, store-product matching strategy, error correction capability, rapid response capability, discount differentiation strategy, etc. By applying these strategies and improving operational capabilities, we can help increase gross profit margins and sell-out rates. By 2026, we need to achieve growth in scale, increase in gross profit, and reduce inventory.

As people's income level and quality of life improve, functionality, fashion and environmental protection have become important factors for consumers when choosing shoes. Nowadays, people pay more attention to the functionality of shoes. Consumers' preferences and market trends are also changing rapidly. When choosing shoes, they not only consider professional functional requirements, but also pay more attention to design aesthetics and fashion elements. C.banner will keep pace with technological innovation and development, which is an important factor for the Company to maintain a sustainable business model. C.banner's ability to produce and apply innovative designs, materials and production processes is the core that distinguishes it from other market players. The Group designs styles for different scenarios and manages them carefully.

In addition to continuously strengthening the functionality of its shoes, C.banner has also continuously enhanced the fashion, trends and R&D innovation of its styles, pursuing the integration of functionality and fashion trends, making the wearing scenarios of shoes more diverse. The Group has always been popular among customers for its brand values of elegance, charm and fashion. It also operates several self-developed brands, including "C.banner", "EBLAN", "MIO" and "Naturesun".

In the future, C.banner will focus on creating hit products and making our core products more refined. The digital transformation places higher demands on the R&D and procurement center. It is no longer "goods"-oriented as before, but "customer"-centric. It conducts design and production and responds to goods to the market quickly. This is a huge challenge for us. The R&D and procurement center will also try to use AI to develop products and improve labor efficiency.

In view of the numerous challenges facing China's economic outlook, the Group will closely monitor market developments, prudently enhance business operations, continue to focus on strengthening its core business, optimize online and offline experiences, refine operations, further enhance competitiveness, and strive to achieve sustainable development of the Group. No matter how complex and changeable the external environment is, the Group will work hard to achieve the long-term development of the Company and create value for the Company's shareholders.

FINANCIAL REVIEW

For the year ended 31 December 2025, the Group's total revenue decreased by 12.8% to RMB1,213.2 million, compared to the same period last year. Gross profit decreased by 7.6% to RMB727.0 million. The loss reached RMB149.8 million, compared to a profit of RMB48.3 million in the same period last year, a decrease of 410.3%.

Revenue

For the year ended 31 December 2025, the Group's total revenue decreased by 12.8% to RMB1,213.2 million, compared to RMB1,391.6 million for the same period last year. The decrease was mainly attributable to the decrease in revenue from contract manufacturing business influenced by the tariffs, which decreased by RMB118.1 million compared to the same period last year, representing a 73.1% decrease.

The Group's revenue mix comprises income from retail and wholesale of shoes ("Retail and Wholesale"), contract manufacturing of shoes ("Contract Manufacturing") and retail of toys. The revenue distribution of Retail and Wholesale, Contract Manufacturing and retail of toys is set out as follows:

	For the year ended 31 December				
	2025		2024		
	<i>RMB ('000)</i>	<i>% of Total Revenue</i>	<i>RMB ('000)</i>	<i>% of Total Revenue</i>	<i>% Growth</i>
Retail and Wholesale	1,105,527	91.1	1,150,904	82.7	(3.9)
Contract Manufacturing	43,389	3.6	161,483	11.6	(73.1)
Retail of Toys	64,266	5.3	79,165	5.7	(18.8)
Total	<u>1,213,182</u>	<u>100</u>	<u>1,391,552</u>	<u>100</u>	<u>(12.8)</u>

Profitability

For the year ended 31 December 2025, the Group's gross profit decreased by 7.6% to RMB727.0 million. The decrease was mainly attributable to the decrease in revenue from the Group's fashion footwear business due to the impact of tariffs and weak domestic sales demand. The gross profit margin was 59.9%, representing an increase of 3.4 percentage points from last year. The increase in gross profit margin was primarily attributable to the higher proportion of revenue from the Retail and Wholesale business, which has relatively higher gross profit margins.

For the year ended 31 December 2025, the Group's distribution and selling expenses reached RMB652.1 million, a decreased of 4.3% compared to expenses of RMB681.7 million last year. The decrease in the amount was primarily due to lower channel expenses and shopping guides' salaries resulting from reduced revenue from the Retail and Wholesale business. Distribution and selling expenses accounted for 53.7% of total revenue, compared to 49.0% last year. The percentage increase was primarily attributable to the increase in the proportion of revenue from Retail and Wholesale business, which has higher expense ratios of the total revenue.

For the year ended 31 December 2025, the Group's administrative and general expenses amounted to RMB114.8 million, a decrease of RMB3.1 million compared to the same period last year. Administrative and general expenses accounted for 9.5% of total revenue, compared to 8.5% last year. The percentage increase was primarily attributable to the overall decrease in the Group's revenue.

For the year ended 31 December 2025, the Group's other income and expenses and other gains and losses recorded a net loss of RMB95.7 million as compared to a net profit of RMB82.1 million last year. Other income and expenses and other gains and losses mainly included impairment provision in respect of trade debts, royalties fee income, government subsidies and interest income on bank deposits. The decrease was mainly attributable to the recognition of impairment losses in respect of trade debts owed by Mayflower (Nanjing) Enterprise Limited of approximately RMB149.1 million during the reporting period.

For the year ended 31 December 2025, the Group recorded finance costs of RMB0.8 million, compared to RMB1.0 million last year. Such finance costs represented the interest expenses on the lease liabilities.

For the year ended 31 December 2025, the Group's income tax expense decreased by RMB6.7 million to RMB13.4 million, as compared to an expense of RMB20.1 million last year. The decrease was mostly attributable to the decrease in assessable profit. For the year ended 31 December 2025, the Group recorded loss attributable to owners of the Company of RMB150.0 million, as compared to the profit of approximately RMB48.2 million recorded in 2024.

Liquidity, Financial Resources and Capital Structure

During the year, the Group adopted prudent treasury policies in managing cash resources and bank borrowings. As at 31 December 2025, the Group had cash and cash equivalents of RMB561.4 million (2024: RMB429.7 million).

As at 31 December 2025 and 31 December 2024, the Group had no bank borrowings.

According to the Group's current level of cash balances, working resources and banking facilities, the Board is confident that the Group has sufficient resources to meet its future business expansion.

Gearing ratio

As at 31 December 2025 and 31 December 2024, the Group's gearing ratio, computed by dividing total loans and borrowings by total assets, was both 0.0%.

Capital structure

The Group's operations were financed mainly by shareholder's equity, bank facilities available to the Group and internal resources. The Group will continue to adopt its treasury policy of placing its cash and cash equivalent as interest bearing deposits. The Group's loans and cash and cash equivalents were mainly denominated in Renminbi, Hong Kong dollars, GBP and U.S. dollars. As of 31 December 2025, the Group had no bank borrowings denominated in foreign currency.

Pledge of Asset

As of 31 December 2025, the Group did not pledge any assets.

Contingent Liabilities

The Group did not have any substantial or contingent liabilities as of 31 December 2025.

Foreign Exchange Risk Management

The Group's sales are mainly denominated in RMB, while its Contract Manufacturing is mainly denominated in USD. The Contract Manufacturing accounted for 3.6% of total revenue. Nevertheless, the Board will keep monitoring the impact of the exchange rate on our business closely and take appropriate measures to mitigate the impact where necessary.

For the year ended 31 December 2025, the Group recorded a RMB0.06 million gain from currency exchange, compared to a RMB1.8 million loss last year. The Group did not hold any derivative instruments for hedging against foreign exchange risk.

Human Resources

As of 31 December 2025, the Group had 3,797 employees (31 December 2024: 4,412 employees). The Group provides its employees with competitive remuneration packages including mandatory pension funds, insurance and medical benefits. In addition, the Group pays discretionary bonuses to qualified employees according to the business performance and their individual work performance.

Dividend

The Directors do not recommend the payment of final dividend for the year ended 31 December 2025 (2024: nil).

MATERIAL ACQUISITIONS AND DISPOSALS

On 29 September 2025, the Company entered into a sale and purchase agreement with Glens Hill Limited, a direct wholly-owned subsidiary of Sanpower Group Co., Ltd., pursuant to which the Company disposed of its entire equity interest in Toy Kingdom Hong Kong Limited (the “Target Company”), which held the Group’s entire interest in its toy retail business. The consideration was determined at nominal value, reflecting the unaudited consolidated net liability position of the Target Company and its subsidiaries as at 30 June 2025, and was arrived at after arm’s length negotiation taking into account its unpromising business prospects and unsatisfactory financial performance. Upon completion, the Target Company (including its subsidiaries) ceased to be subsidiaries of the Company and its financial statements are no longer consolidated into the Group’s financial statements, with the Group recognising an gain of approximately RMB6.8 million from the said disposal. The Board believes the disposal has alleviated the Group’s financial burden associated with the Target Company’s net liability position, and enables the Company to focus on its core footwear retail and wholesale business, thereby optimising operational efficiency and supporting the Group’s long-term strategic goals.

SIGNIFICANT SUBSEQUENT EVENTS

On 30 October 2025, the Company entered into nine subscription agreements with nine subscribers (the “Subscribers”) for the proposed issuance of (i) 415,400,000 new shares (the “Subscription Shares”) at a subscription price of HK\$0.205 per share under general mandate, and (ii) 474,500,000 unlisted warrants (the “Warrants”) at an issue price of HK\$0.036 each under specific mandate, each Warrant carrying the right to subscribe for one new share (a “Warrant Share”) at an exercise price of HK\$0.28 per Warrant Share. The Subscribers and their ultimate beneficial owners include notable figures with extensive experience in AI technology companies, and the Company believes the Subscribers are well positioned to assist the Group in employing AI technology to upgrade its business. The issue of the Subscription Shares was completed on 11 December 2025. The Warrants were issued on 2 February 2026 and will expire on the second anniversary of the date of issuance.

The Company has adopted a share option scheme on 15 January 2026 as incentive to eligible employees, details of the scheme will be set out in the annual report of the Company for the year ended 31 December 2025.

Save as disclosed above, there was no significant event up to the date of this results announcement.

CLOSURE OF THE REGISTER OF MEMBERS

In order to determine the identity of the shareholders of the Company who are entitled to attend the forthcoming annual general meeting of the Company to be held on Thursday, 25 June 2026, the register of members of the Company will be closed from Monday, 22 June 2026 to Thursday, 25 June 2026, both days inclusive, during which period no transfer of share will be registered. The record date is Thursday, 25 June 2026. All transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Thursday, 18 June 2026.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders of the Company and to enhance corporate value and accountability. Save as disclosed below, the Company has complied with all applicable code provisions under the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the year ended 31 December 2025. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

Pursuant to code provision C.1.5 of the CG Code, non-executive directors should attend the general meetings. Ms. Cheng Xuanxuan, as the non-executive Director at that time, didn't attend the Company's annual general meeting held on 26 June 2025 due to her other business commitment.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with written terms of reference in compliance with the CG Code. The Audit Committee comprises three independent non-executive Directors, namely Mr. Kwong Wai Sun Wilson, Mr. Xu Chengming and Mr. Zheng Hongliang.

The Audit Committee had reviewed together with the Board and external auditor the accounting standards and practices adopted by the Group and the audited consolidated financial statements for the year ended 31 December 2025.

EXTRACT OF THE INDEPENDENT AUDITOR’S REPORT

The follow is an extract of the independent auditor’s report on the Group’s consolidated financial statements for the year ended 31 December 2025 which included qualified opinion:

“BASIS FOR QUALIFIED OPINION

As disclosed in note 24 to the consolidated financial statements, regarding to the trade debts due from a former subsidiary (the “Trade Debts”) amounted to RMB63,139,000, on 14 July 2025, the Group and Mayflower (Nanjing) Enterprise Limited (the “Nanjing Mayflower”, a former subsidiary of the Group) reached a civil mediation settlement through the civil mediation proceedings chaired by the People’s Court of Nanjing Qinhuai District (the “Court”), and the Court has issued a Civil Mediation Order (the “Civil Mediation Order”). Regarding to the Civil Mediation Order, it was agreed by the Group and Nanjing Mayflower that the amount of approximately RMB65,157,000 would be fully settled by installment repayments from October 2025 to March 2045.

Due to the uncertainties of the delinquency issues of the Trade Debts since 31 May 2024 (being the default date under the Obligations and Debts Framework Agreement as defined in note 24 to the consolidated financial statements), the management is not able to provide further evidences in justifying the sufficiency, adequacy and extent of the impairment losses of nil and RMB149,050,000 being recognised for the years ended 31 December 2024 and 2025 respectively. Accordingly, we are not able to obtain sufficient appropriate audit evidences to ascertain the recoverability of the balance of Trade Debts of approximately RMB214,207,000 as at 31 December 2024. More importantly, there is no other satisfactory audit procedures that we could perform to satisfy ourselves whether the balance of Trade Debts of approximately RMB214,207,000 were fairly stated as at 31 December 2024. Consequently, we are not able to obtain sufficient appropriate audit evidences regarding the impairment losses on the Trade Debts of nil and approximately RMB149,050,000 recognised in profit or loss for the year ended 31 December 2024 and 2025 respectively and the recoverability of Trade Debts of approximately RMB214,207,000 as at 31 December 2024.

Any adjustments to the figures as described above might have a consequential effect on the Group’s consolidated financial performance and consolidated cash flows for the years ended 31 December 2024 and 2025 and the consolidated financial position of the Group as at 31 December 2024, and the related disclosures thereof in the consolidated financial statements.”

MANAGEMENT’S POSITION AND ASSESSMENT ON THE QUALIFIED OPINION

The management of the Company (the “Management”) has noted that the auditor has issued a qualified opinion on the consolidated financial statements for the year ended 31 December 2025. The qualified opinion arises solely from the auditor’s inability to obtain sufficient appropriate audit evidence to ascertain the recoverability of the Trade Debts due from Nanjing Mayflower, a former subsidiary of the Group, of approximately RMB214,207,000 as at 31 December 2024, and in particular the sufficiency, adequacy and extent of the impairment losses of nil and RMB149,050,000 being recognised for the years ended 31 December 2024 and 2025 respectively.

Civil Mediation Settlement

On 14 July 2025, the Group and Nanjing Mayflower reached a civil mediation settlement, pursuant to which it was agreed that an amount of approximately RMB65,157,000 would be fully settled by installment repayments from October 2025 to March 2045. For the avoidance of doubt, the auditor’s qualified opinion does not extend to the terms or amount of the Civil Mediation Order as well as the balance of the Trade Debts as at 31 December 2025.

Impairment Assessment

Having regard to the Civil Mediation Order and the carrying amount of the Trade Debts, the Management recognised an impairment loss of approximately RMB149,050,000 for the year ended 31 December 2025, representing the difference between the total carrying amount of the Trade Debts of approximately RMB214,207,000 and the amount agreed to be settled pursuant to the Civil Mediation Order of approximately RMB65,157,000. Management is of the view that the impairment recognised in the year ended 31 December 2025 reflects its best estimate of the expected credit loss on the Trade Debts based on currently available information, including the terms of the Civil Mediation Order, the repayment schedule, and the value of the collateral.

Carry-Over of FY2024 Comparative Figures

The auditor’s qualification for the year ended 31 December 2025 is, in substance, a carry-over from the qualified opinion issued for the year ended 31 December 2024. The FY2024 qualification arose from the auditor’s inability to verify the recoverability of the Trade Debts of approximately RMB214,207,000 as at 31 December 2024, and in particular whether any impairment loss should have been recognised in FY2024. In fact, Management did not make any provision for impairment loss for the Trade Debts in FY2024 based on the Management’s assessment on the then status of the said Trade Debts. As no alternative audit procedures were available to the auditor to resolve this, the FY2024 qualification has carried forward to affect the opening balance of the FY2025 financial statements.

Management's Assessment

Management is of the view that the underlying audit issue has been substantially remedied. The execution of the Civil Mediation Order on 14 July 2025 has provided a legally binding and court-sanctioned basis for assessing the recoverability of the Trade Debts. The impairment of approximately RMB149,050,000 recognised in FY2025 directly reflects the economic outcome established by the Civil Mediation Order. Management therefore considers that the conditions giving rise to uncertainty over the recoverability of the Trade Debts have been addressed in the current financial year.

The continued qualification for the year ended 31 December 2025 is, in Management's view, a technical consequence of the auditor's inability to retrospectively verify the FY2024 position, rather than any ongoing uncertainty as to the recoverability of the Trade Debts going forward.

AUDIT COMMITTEE'S VIEW ON THE QUALIFIED OPINION

The Audit Committee has reviewed the auditor's qualified opinion and Management's position as set out above. The Audit Committee has discussed with both Management and the external auditor the basis and extent of the qualification, including:

- (i) the nature of the qualified opinion as a carry-over from FY2024, arising solely from the inability to verify the recoverability of the Trade Debts as at 31 December 2024 and whether any impairment should have been recognised in FY2024;
- (ii) the fact that the auditor's qualification does not extend to the terms or amount of the Civil Mediation Order as well as the balance of the Trade Debts as at 31 December 2025;
- (iii) the rationale for the impairment of approximately RMB149,050,000 recognised in FY2025 and the accounting treatment applied under IFRS 9; and
- (iv) Management's view that the Civil Mediation Order has provided a legally binding basis for the recoverability assessment, thereby addressing the substantive issue.

Having considered the above, the Audit Committee concurs with Management's position that the impairment recognised for the year ended 31 December 2025 represents a prudent and reasonable estimate based on information available, and that the underlying audit issue has been substantially remedied. The Audit Committee notes that the continued qualification is a technical carry-over consequence of the unverifiable FY2024 position, rather than a reflection of current uncertainty.

The Audit Committee will continue to closely monitor and oversee the progress of repayments by Nanjing Mayflower pursuant to the Civil Mediation Order.

SCOPE OF WORK OF MESSRS. ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this announcement have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance has been expressed by ZHONGHUI ANDA CPA Limited on this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix C3 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they had complied with such code of conduct throughout the year ended 31 December 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares, if any). As at 31 December 2025, the Company did not hold any treasury shares.

PUBLICATION OF THE AUDITED CONSOLIDATED ANNUAL RESULTS AND 2025 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.cbanner.com.cn, and the 2025 annual report of the Company containing all the information required by the Listing Rules will be sent to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

CHANGE OF COMPANY SECRETARY AND AUTHORISED REPRESENTATIVE

The Board hereby announces that due to change of the work commitment, Mr. Leung Chi Kit (“Mr. Leung”) has tendered his resignation as the company secretary of the Company and an authorised representative of the Company under the Listing Rules with effect from 26 March 2026.

Mr. Leung confirmed that he has no disagreement with the Board and there are no matters relating to his resignation that need to be brought to the attention of the shareholders of the Company.

The Board is pleased to announce that Ms. Poon Wai Shan (“Ms. Poon”) has been appointed as the company secretary of the Company and an authorised representative of the Company under the Listing Rules in replacement of Mr. Leung with effect from 26 March 2026.

Ms. Poon is an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. She has over 25 years of experience in company secretarial field. Ms. Poon is currently a manager of the company secretarial services department of TMF Hong Kong Limited (a global corporate services provider).

The Board would like to take this opportunity to express its gratitude to Mr. Leung for his past contributions to the Company during his tenure of service and also express its warm welcome to Ms. Poon on her new appointment.

By order of the Board
C.banner International Holdings Limited
Chen Yixi
Chairman

Hong Kong, 26 March 2026

As at the date of this announcement, the executive Directors are Mr. CHEN Yixi, Mr. YUAN Zhenhua, Mr. WU Weiming and Mr. ZHANG Baojun; the non-executive Directors are Ms. FAN Yuanyuan and Ms. ZHANG Yichen; and the independent non-executive Directors are Mr. KWONG Wai Sun Wilson, Mr. XU Chengming and Mr. ZHENG Hongliang.