

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



bonny 博尼

BONNY INTERNATIONAL HOLDING LIMITED

博尼国际控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1906)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

The board (the “**Board**”) of directors (the “**Directors**”) of Bonny International Holding Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2025 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 December 2024 (the “**Corresponding Period**”), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
REVENUE	4	231,839	266,737
Cost of sales		(164,673)	(187,873)
Gross profit		67,166	78,864
Other income and gains	4	22,215	20,750
Selling and distribution expenses		(40,390)	(41,502)
Administrative expenses		(32,203)	(30,966)
Impairment losses on financial assets, net		(112)	(967)
Other expenses		(14,664)	(19,757)
Fair value changes in investment properties		(51,800)	(16,080)
Finance costs	6	(6,742)	(7,007)

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
LOSS BEFORE TAX	5	(56,530)	(16,665)
Income tax expense	7	(264)	(68)
LOSS FOR THE YEAR		<u>(56,794)</u>	<u>(16,733)</u>
Attributable to:			
Owners of the parent		(56,793)	(16,731)
Non-controlling interests		(1)	(2)
		<u>(56,794)</u>	<u>(16,733)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	9	<u>RMB(3.9 cents)</u>	<u>RMB(1.3 cents)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
LOSS FOR THE YEAR	<u>(56,794)</u>	<u>(16,733)</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation from functional currency to presentation currency	<u>8,573</u>	<u>(7,257)</u>
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation from functional currency to presentation currency	<u>(9,319)</u>	<u>7,698</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	<u>(746)</u>	<u>441</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(57,540)</u>	<u>(16,292)</u>
Attributable to:		
Owners of the parent	<u>(57,539)</u>	<u>(16,290)</u>
Non-controlling interests	<u>(1)</u>	<u>(2)</u>
	<u>(57,540)</u>	<u>(16,292)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	10	190,127	192,466
Advance payments for property, plant and equipment		1,422	999
Investment properties	11	257,159	268,103
Right-of-use assets		29,910	27,970
Intangible assets		911	142
Equity investments designated at fair value through other comprehensive income		150	150
Total non-current assets		479,679	489,830
CURRENT ASSETS			
Inventories	12	62,775	91,593
Trade receivables	13	40,189	45,720
Prepayments, other receivables and other assets	14	18,501	9,914
Financial assets at fair value through profit or loss		620	—
Cash and cash equivalents		20,423	7,667
Due from related parties	20(c)	820	80
Total current assets		143,328	154,974
CURRENT LIABILITIES			
Trade payables	15	25,169	32,318
Other payables and accruals	16	53,269	65,389
Interest-bearing bank and other borrowings	17	138,056	111,933
Tax payable		510	265
Due to related parties	20(c)	—	4,830
Total current liabilities		217,004	214,735

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
NET CURRENT LIABILITIES		(73,676)	(59,761)
TOTAL ASSETS LESS CURRENT LIABILITIES		406,003	430,069
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	17	89,418	55,944
Deferred tax liabilities	18	18,589	18,589
Total non-current liabilities		108,007	74,533
Net assets		297,996	355,536
EQUITY			
Equity attributable to owners of the parent			
Share capital	19	100,114	100,114
Share premium	19	245,106	245,106
Other reserves		(48,346)	9,193
Non-controlling interests		296,874	354,413
		1,122	1,123
Total equity		297,996	355,536

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 December 2025

1. CORPORATE AND GROUP INFORMATION

The Company is an exempted company incorporated with limited liability in the Cayman Islands on 19 July 2017. The registered office address of the Company is 4th Floor Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Group was principally involved in the manufacture and sale of brassieres, functional sportswear, panties and thermal underwear in the People's Republic of China (the "PRC"). In the opinion of the directors, the ultimate controlling shareholder of the Group is Mr. Jin Guojun.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

Going concern assumption

As at 31 December 2025, the Group's net current liabilities amounted to approximately RMB73,676,000, which comprised current assets of approximately RMB143,328,000 and current liabilities of approximately RMB217,004,000. The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations and sufficient financing to meet its financial obligations as and when they fall due. In preparing the financial statements, the directors of the Company have considered the Group's liquidity and believe that adequate sources of funding are available to fulfil the Group's debt obligations and capital expenditure requirements.

As at 31 December 2025, the Group had total banking facilities of RMB327,240,000, of which RMB297,240,000 with a final maturity date of 1 December 2029 and RMB30,000,000 with a final maturity date of 8 December 2028, to meet its debt obligations and capital expenditure requirements and had unutilised banking facilities of RMB100,500,000. The Group's short-term bank loans can be renewed upon its maturity within the banking facilities. The Group has not experienced any significant difficulties in renewing its short-term borrowings upon their maturities and there is no indication that the banks will not renew the existing borrowings if the Group applies for the renewal. The Group is also continuously making great effort to develop new customers and secure new orders, improve its working capital and reduce capital expenditure.

The directors of the Company have reviewed the Group's cash flow forecast prepared by management which covers a period of twelve months from the end of the reporting period. They are of the opinion that, taking into account the above-mentioned measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future.

Accordingly, the consolidated financial statements have been prepared on the basis that the Group will be able to continue as a going concern.

Basis of consolidation

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

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

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

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

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

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

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

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

³ No mandatory effective date yet determined but available for adoption

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and has two reportable segments as follows:

- (a) the Original Design Manufacture (“ODM”) products segment engages in the manufacture and sale of seamless underwear or other ODM products for overseas customers or their agents; and
- (b) the brand products segment engages in the manufacture and sale of ladies' brassieres, panties, thermal underwear with the Bonny brand for the domestic market.

The Group's chief operating decision maker is the chief executive officer of the Company, who reviews revenue from and results of the major type of products sold for the purpose of resource allocation and assessment of segment performance. Segment result is evaluated based on gross profit less selling expenses allocated. No analysis of the Group's assets and liabilities by operating segment is disclosed as it is not regularly provided to the chief operating decision maker for review.

Year ended 31 December 2025	ODM products RMB'000	Brand products RMB'000	Total RMB'000
Segment revenue (note 4)			
Sales to external customers	<u>198,472</u>	<u>33,367</u>	<u>231,839</u>
Segment results	<u>39,390</u>	<u>(12,614)</u>	<u>26,776</u>
Other income and gains			22,215
Corporate and other unallocated expenses			(98,779)
Finance costs			<u>(6,742)</u>
Loss before tax			<u><u>(56,530)</u></u>
Year ended 31 December 2025	ODM products RMB'000	Brand products RMB'000	Total RMB'000
Other segment information			
Impairment losses recognised/ (reversal of impairment losses) in the statement of profit or loss, net	1,307	(2,311)	(1,004)
Depreciation and amortisation	14,462	384	14,846
Capital expenditure*	13,986	28	14,014

Year ended 31 December 2024	ODM products <i>RMB'000</i>	Brand products <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue (note 4)			
Sales to external customers	230,838	35,899	266,737
Segment results	55,797	(18,435)	37,362
Other income and gains			20,750
Corporate and other unallocated expenses			(67,770)
Finance costs			(7,007)
Loss before tax			<u>(16,665)</u>

Year ended 31 December 2024	ODM products <i>RMB'000</i>	Brand products <i>RMB'000</i>	Total <i>RMB'000</i>
Other segment information			
Impairment losses recognised/ (reversal of impairment losses)			
in the statement of profit or loss, net	1,839	(3,794)	(1,955)
Impairment of property, plant and equipment	—	350	350
Depreciation and amortisation	14,488	952	15,440
Capital expenditure*	5,654	21	5,675

* Capital expenditure consists of additions to property, plant and equipment.

Geographical information

(a) Revenue from external customers

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Chinese mainland	77,585	81,524
Germany	66,817	48,388
United States of America	40,395	84,568
Netherlands	14,561	12,633
Canada	9,954	18,616
Mexico	7,023	5,632
France	4,391	—
Korea	4,060	4,345
Australia	2,674	4,438
Britain	2,598	4,589
Other countries/regions	1,781	2,004
	<hr/>	<hr/>
Total revenue	231,839	266,737
	<hr/> <hr/>	<hr/> <hr/>

The revenue information above is based on the shipment destinations.

(b) Non-current assets

All non-current assets of the Group are located in the Chinese mainland.

Information about major customers

Revenue derived from sales of goods to each major customer which accounted for 10% or more of the Group's revenue during the year is set out below:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Customer 1	62,563	43,060
Customer 2	47,183	97,508
	<hr/>	<hr/>
Total	109,746	140,568
	<hr/> <hr/>	<hr/> <hr/>

The revenue of the above two customers is derived from sales of ODM products.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>	<u>231,839</u>	<u>266,737</u>

Revenue from contracts with customers

(a) Disaggregated revenue information

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Timing of revenue recognition		
Goods transferred at a point in time	<u>231,839</u>	<u>266,737</u>

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	<u>2,593</u>	<u>3,687</u>

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

The performance obligations are satisfied upon delivery, which occurs when the goods are shipped on board to the overseas ODM customers, or when the goods are accepted by the PRC ODM customers and franchised outlets or by the consumers in self-operated stores and counters and E-commerce platforms.

The payments are generally due within one to six months from delivery while some contracts with ODM customers are settled by letters of credit and some contracts require advances as deposits to transfer goods.

Some customers from branded sales are entitled to loyalty points which results in allocation of a portion of the transaction price to the loyalty points. Revenue is recognised when the points are redeemed. Some customers from branded sales are provided with a right of return usually in seven or fifteen days. The right of return assets and refund liabilities arising from rights of return as at the end of each reporting period was insignificant and no right of return assets and refund liabilities were recognised.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2025 are expected to be recognised as revenue within one year. As permitted under HKFRS 15, the transaction prices allocated to these unsatisfied contracts are not disclosed.

An analysis of other income and gains is as follows:

	2025	2024
	RMB'000	RMB'000
<u>Other income</u>		
Bank interest income	99	100
Government grants (a)	1,808	1,650
Gross rental income from investment property operating leases	18,446	17,326
Additional deduction of value added tax	311	138
Others	885	416
	<hr/>	<hr/>
Total other income	21,549	19,630
	<hr/>	<hr/>
<u>Gains</u>		
Foreign exchange differences, net	666	1,120
	<hr/>	<hr/>
Total gains	666	1,120
	<hr/>	<hr/>
Total other income and gains	22,215	20,750
	<hr/> <hr/>	<hr/> <hr/>

- (a) The government grants mainly represent incentives awarded by the local governments to support the Group's operation in Yiwu City, the PRC. There were no unfulfilled conditions or contingencies attached to these government grants.

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
Cost of inventories sold*		164,673	187,873
Depreciation of property, plant and equipment	10	10,105	10,752
Depreciation of right-of-use assets		4,566	4,531
Amortisation of intangible assets**		175	157
Research and development costs***		13,331	18,325
Lease payments not included in the measurement of lease liabilities		495	435
Government grants		(1,808)	(1,650)
Auditor's remuneration		1,730	1,766
Outsourced manufacturers		3,021	21,273
Employee benefit expense (excluding directors' and chief executive's remuneration)			
Wages and salaries		62,663	74,168
Pension scheme contributions****		6,262	6,171
Staff welfare expenses		732	862
Total		69,657	81,201
Concession fees		6,147	6,139
Foreign exchange differences, net		(666)	(1,120)
Impairment of financial assets, net:			
Impairment of trade receivables, net	13	66	762
Impairment of financial assets included in prepayments, other receivables and other assets	14	46	205
Total		112	967
Reversal of impairment of inventories, net	12	(1,116)	(2,922)
Impairment of property, plant and equipment*****	10	—	350
Changes in fair value of investment properties	11	51,800	16,080
Gross rental income from investment property operating leases	4	(18,446)	(17,326)
Bank interest income	4	(99)	(100)
Loss on disposal of items of property, plant and equipment		310	833

- * The cost of inventories sold includes RMB41,477,000 (2024: RMB46,634,000) relating to staff cost, depreciation of property, plant and equipment, depreciation of right-of-use assets, amortisation of intangible assets and reversal of impairment of inventories for the year ended 31 December 2025, which are also included in the respective total amounts disclosed above for each type of expenses.
- ** The amortisation of intangible assets is included in “Administrative expenses” in the consolidated statement of profit or loss.
- *** The research and development costs include RMB9,611,000 (2024: RMB11,501,000) relating to staff cost, depreciation of property, plant and equipment and amortisation of intangible assets for the year ended 31 December 2025, which are also included in the respective total amounts disclosed above for each type of expenses.
- **** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.
- *****The impairment of property, plant and equipment is included in “Other expenses” in the consolidated statement of profit or loss.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2025	2024
	RMB'000	RMB'000
Interest on bank loans	8,706	6,794
Interest on lease liabilities	247	282
	<hr/>	<hr/>
Total interest expense on financial liabilities not at fair value through profit or loss	8,953	7,076
Less: Interest capitalised	(2,211)	(69)
	<hr/>	<hr/>
Total	6,742	7,007
	<hr/> <hr/>	<hr/> <hr/>

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. A subsidiary of the Group is a qualifying entity under the two-tiered profits tax rates regime. The first HKD2,000,000 (2024: HKD2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2024: 8.25%) and the remaining assessable profits are taxed at 16.5% (2024: 16.5%).

The provision for the Chinese mainland current income tax is based on the statutory rate of 25% of the assessable profits of certain PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in the Chinese mainland which are granted tax concession and are taxed at preferential tax rates.

Zhejiang Bonny is qualified as a High and New Technology Enterprise and was entitled to a preferential income tax rate of 15% (2024:15%) during the year.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2025	2024
	RMB'000	RMB'000
Current		
Charge for the year	<u>264</u>	<u>68</u>

A reconciliation of the tax expense applicable to loss before tax at the statutory tax rates for the jurisdiction where the operations of the Group are substantially based to the tax charge at the effective tax rate is as follows:

	<u>2025</u>		<u>2024</u>	
	RMB'000	%	RMB'000	%
Loss before tax	<u>(56,530)</u>		<u>(16,665)</u>	
Tax at the statutory tax rate	(14,132)	25.0	(4,166)	25.0
Preferential income tax rate applicable to a subsidiary	5,724	(10.1)	1,195	(7.2)
Additional deductible allowance for research and development expenses	(2,000)	3.5	(2,631)	15.8
Expenses not deductible for tax	212	(0.4)	243	(1.5)
Temporary differences not recognised	7,099	(12.6)	(317)	1.9
Tax losses not recognised	<u>3,361</u>	<u>(5.9)</u>	<u>5,744</u>	<u>(34.5)</u>
Tax charge at the Group's effective rate	<u>264</u>	<u>(0.5)</u>	<u>68</u>	<u>(0.5)</u>

8. DIVIDENDS

No dividend was declared and paid by the Company during the reporting period.

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,471,123,710 (2024: 1,310,454,240) outstanding during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2025 and 2024.

The calculation of basic loss per share is based on:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
<u>Loss</u>		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	<u>(56,793)</u>	<u>(16,731)</u>
	Number of shares	
	2025	2024
<u>Shares</u>		
Weighted average number of ordinary shares outstanding during the year	<u>1,471,123,710</u>	<u>1,310,454,240</u>

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings <i>RMB'000</i>	Leasehold improve- ments <i>RMB'000</i>	Machinery and equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Computer and office equipment <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
31 December 2025							
At 1 January 2025:							
Cost	200,887	8,454	81,270	2,137	9,113	—	301,861
Accumulated depreciation	(28,037)	(6,317)	(63,302)	(1,689)	(6,523)	—	(105,868)
Impairment	—	(1,352)	(1,410)	(86)	(679)	—	(3,527)
Net carrying amount	<u>172,850</u>	<u>785</u>	<u>16,558</u>	<u>362</u>	<u>1,911</u>	<u>—</u>	<u>192,466</u>
At 1 January 2025, net of accumulated depreciation and impairment							
	172,850	785	16,558	362	1,911	—	192,466
Additions	—	368	63	136	143	7,708	8,418
Disposals	(267)	—	(321)	(9)	(55)	—	(652)
Depreciation provided during the year (note 5)	(7,363)	(257)	(1,892)	(122)	(471)	—	(10,105)
At 31 December 2025, net of accumulated depreciation and impairment	<u>165,220</u>	<u>896</u>	<u>14,408</u>	<u>367</u>	<u>1,528</u>	<u>7,708</u>	<u>190,127</u>
At 31 December 2025:							
Cost	200,620	8,822	79,657	2,172	8,980	7,708	307,959
Accumulated depreciation	(35,400)	(6,574)	(63,915)	(1,722)	(6,824)	—	(114,435)
Impairment	—	(1,352)	(1,334)	(83)	(628)	—	(3,397)
Net carrying amount	<u>165,220</u>	<u>896</u>	<u>14,408</u>	<u>367</u>	<u>1,528</u>	<u>7,708</u>	<u>190,127</u>

	Buildings <i>RMB'000</i>	Leasehold improve- ments <i>RMB'000</i>	Machinery and equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Computer and office equipment <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
31 December 2024							
At 1 January 2024:							
Cost	200,512	7,893	161,590	2,120	9,440	18	381,573
Accumulated depreciation	(20,614)	(6,106)	(119,211)	(1,583)	(6,517)	—	(154,031)
Impairment	—	(1,002)	(19,863)	(86)	(720)	—	(21,671)
Net carrying amount	<u>179,898</u>	<u>785</u>	<u>22,516</u>	<u>451</u>	<u>2,203</u>	<u>18</u>	<u>205,871</u>
At 1 January 2024, net of accumulated depreciation and impairment							
	179,898	785	22,516	451	2,203	18	205,871
Additions	—	561	1,416	17	341	357	2,692
Transfers	375	—	—	—	—	(375)	—
Disposals	—	—	(4,902)	—	(93)	—	(4,995)
Depreciation provided during the year (note 5)	(7,423)	(211)	(2,472)	(106)	(540)	—	(10,752)
Impairment (note 5)	—	(350)	—	—	—	—	(350)
At 31 December 2024, net of accumulated depreciation and impairment	<u>172,850</u>	<u>785</u>	<u>16,558</u>	<u>362</u>	<u>1,911</u>	<u>—</u>	<u>192,466</u>
At 31 December 2024:							
Cost	200,887	8,454	81,270	2,137	9,113	—	301,861
Accumulated depreciation	(28,037)	(6,317)	(63,302)	(1,689)	(6,523)	—	(105,868)
Impairment	—	(1,352)	(1,410)	(86)	(679)	—	(3,527)
Net carrying amount	<u>172,850</u>	<u>785</u>	<u>16,558</u>	<u>362</u>	<u>1,911</u>	<u>—</u>	<u>192,466</u>

As at 31 December 2025, certain of the Group's buildings and machinery and equipment with a net carrying value of approximately RMB164,938,000 (2024: RMB171,164,000) were pledged to secure general banking facilities granted to the Group (note 17).

As the Group operated at a loss, the Group performed impairment test for the sale of traditional business products, i.e., brassieres, functional sportswear, panties and thermal underwear, including the ODM products CGU and the brand products CGU, whose assets consists of buildings, machines and other long-lived assets. During the year ended 31 December 2024, an impairment loss of RMB350,000 was recognised for the brand products CGU to write down the carrying value of assets allocated to this CGU to the recoverable amount which was determined based on the fair value less costs of disposal. No impairment loss was recognised or reversed for both the ODM products CGU and the brand products CGU during the year ended 31 December 2025.

11. INVESTMENT PROPERTIES

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at 1 January	268,103	228,070
Additions (construction in progress)	40,856	56,113
Net loss from a fair value adjustment	(51,800)	(16,080)
	<hr/>	<hr/>
Carrying amount at 31 December	<u>257,159</u>	<u>268,103</u>

The Group's investment properties consist of industrial properties in the Chinese mainland. The Group's investment properties were revalued on 31 December 2025 based on valuations performed by KING KEE APPRAISAL AND ADVISORY LTD, an independent professionally qualified valuer, at RMB257,159,000. Each year, the chief financial officer decides to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The chief financial officer has discussions with the valuer on the valuation assumptions and valuation results once a year when the valuation is performed for annual financial reporting.

The investment properties are leased to third parties under operating leases.

At 31 December 2025, the Group's investment properties with a carrying value of RMB257,159,000 (2024: RMB268,103,000) were pledged to secure general banking facilities granted to the Group (note 17).

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

Fair value measurement as at 31 December 2025 using			
Quoted prices in active markets (Level 1) <i>RMB'000</i>	Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	Total <i>RMB'000</i>
Recurring fair value measurement for:			
Industrial properties	—	—	257,159
	<u>—</u>	<u>—</u>	<u>257,159</u>

Fair value measurement as at 31 December 2024 using			
Quoted prices in active markets (Level 1) <i>RMB'000</i>	Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	Total <i>RMB'000</i>
Recurring fair value measurement for:			
Industrial properties	—	—	268,103
	<u>—</u>	<u>—</u>	<u>268,103</u>

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2024: nil).

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Carrying amount at 1 January	268,103	228,070
Additions (construction in progress)	40,856	56,113
Net loss from a fair value adjustment recognised in profit or loss	(51,800)	(16,080)
Carrying amount at 31 December	<u>257,159</u>	<u>268,103</u>

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

As at 31 December 2025:

	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Range or weighted average</u>
1st floor of industrial properties	Income method	Prevailing market rent	RMB39 per square metre per month
		Term yield	7.0%
		Reversionary yield	7.5%
Other floors of industrial properties	Income method	Prevailing market rent	RMB18 - RMB24 per square metre per month
		Term yield	7.0%
		Reversionary yield	7.5%

As at 31 December 2024:

	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Range or weighted average</u>
1 st floor of industrial properties	Income method	Prevailing market rent	RMB39 per square metre per month
		Term yield	7.25%
		Reversionary yield	7.5%
Other floors of industrial properties	Income method	Prevailing market rent	RMB23 per square metre per month
		Term yield	7.25%
		Reversionary yield	7.5%

The income method measures the value of the properties by taking into account the rental income derived from the existing leases with due allowance for the reversionary income potential of the leases, which are then capitalised into the value at appropriate rates.

A significant increase (decrease) in the estimated rental value in isolation would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the term yield and the reversionary yield in isolation would result in a significant decrease (increase) in the fair value of the investment properties.

12. INVENTORIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Raw materials	9,953	11,496
Work in progress	18,508	25,420
Finished goods	47,711	69,537
	<u>76,172</u>	<u>106,453</u>
Impairment	(13,397)	(14,860)
	<u>62,775</u>	<u>91,593</u>

The movements in provision for impairment of inventories are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At beginning of year	14,860	17,782
Reversal of impairment losses, net	(1,116)	(2,922)
Write off	(347)	—
	<u>13,397</u>	<u>14,860</u>

13. TRADE RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	42,723	48,188
Impairment	(2,534)	(2,468)
	<u>40,189</u>	<u>45,720</u>

The Group's trading terms with its customers are mainly on credit. The credit period is generally one month to three months, extending up to six months for major customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	39,023	37,018
3 to 6 months	625	1,888
6 to 12 months	251	6,166
1 to 2 years	158	569
2 to 3 years	132	79
	<hr/>	<hr/>
Total	40,189	45,720
	<hr/> <hr/>	<hr/> <hr/>

The movements in loss allowance for impairment of trade receivables are as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year	2,468	1,875
Impairment losses, net (note 5)	66	762
Amount written off as uncollectible	—	(169)
	<hr/>	<hr/>
At end of year	2,534	2,468
	<hr/> <hr/>	<hr/> <hr/>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The Group has applied the simplified approach to provide for expected credit losses under HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group overall considers the credit risk characteristics and the days past due of each group of trade receivables to measure the expected credit losses. The Group classifies the trade receivables into three groups according to the credit risk characteristics. The Group considers the historical loss rate and adjusts for forward looking macroeconomic data in calculating the expected credit loss rate.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	As at 31 December 2025		
	Gross carrying amount <i>RMB'000</i>	Expected credit loss rate	Expected credit losses <i>RMB'000</i>
ODM customers and E-commerce platform			
Within 1 year	35,096	0.12%	41
1 to 2 years	115	29.57%	34
2 to 3 years	102	50.00%	51
Self-operated stores and counters and franchised outlets			
Within 1 year	4,327	3.00%	130
1 to 2 years	106	33.96%	36
2 to 3 years	237	65.82%	156
Over 3 years	365	100.00%	365
Others			
Within 1 year	649	0.31%	2
1 to 2 years	12	41.67%	5
Over 3 years	138	100.00%	138
	41,147		958
Individually identified as high expected credit loss rate while the ageing is less than three years			
	1,576	100.00%	1,576
	42,723		2,534

	As at 31 December 2024		
	Gross carrying amount <i>RMB'000</i>	Expected credit loss rate	Expected credit losses <i>RMB'000</i>
ODM customers and E-commerce platform			
Within 1 year	38,497	0.15%	56
1 to 2 years	116	35.34%	41
Self-operated stores and counters and franchised outlets			
Within 1 year	5,780	1.99%	115
1 to 2 years	727	32.05%	233
2 to 3 years	157	50.32%	79
Over 3 years	221	100.00%	221
Others			
Within 1 year	977	1.02%	10
Over 3 years	725	100.00%	725
	47,200		1,480
Individually identified as high expected credit loss rate while the ageing is less than three years			
	988	100.00%	988
	48,188		2,468

14. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Prepayments	4,549	2,366
Prepaid expenses	334	1,093
Deposits and other receivables	11,641	11,266
Other current assets	7,637	1,008
Tax recoverable	240	35
	24,401	15,768
Impairment allowance:		
Prepayments	(1,072)	(1,072)
Deposits and other receivables	(4,828)	(4,782)
Total	18,501	9,914

The movements in the loss allowance for impairment of prepayments and other receivables are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At beginning of year	5,854	5,649
Impairment losses recognised	46	205
	<hr/>	<hr/>
At end of year	5,900	5,854
	<hr/> <hr/>	<hr/> <hr/>

Due to delay in delivery of face mask machines and decline in the purchase price of face mask machines and other dispute with suppliers, the Group requested the suppliers to refund the advance payment and credit loss allowance of RMB4,577,000 (2024: RMB4,577,000) were recorded for those suppliers with poor financial position and credit history. Provisions for prepayments of raw materials of RMB1,072,000 (2024: RMB1,072,000) were recorded due to the decline of face mask orders.

15. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	13,611	11,981
3 to 6 months	10,844	9,538
6 to 12 months	25	7,010
Over 12 months	689	3,789
	<hr/>	<hr/>
Total	25,169	32,318
	<hr/> <hr/>	<hr/> <hr/>

The trade payables are non-interest-bearing and are normally settled on terms of one to six months.

16. OTHER PAYABLES AND ACCRUALS

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Contract liabilities	(a)	3,740	2,593
Advances from lessees		11,025	10,815
Payroll payables		10,821	13,406
Tax payable other than income tax		14,045	15,436
Payable for property, plant and equipment and other intangible assets		7,528	17,123
Other payables	(b)	6,110	6,016
Total		53,269	65,389

Notes:

(a) Details of contract liabilities are as follows:

	31 December 2025 <i>RMB'000</i>	31 December 2024 <i>RMB'000</i>	1 January 2024 <i>RMB'000</i>
<i>Short-term advances received from customers</i>			
Sale of goods	3,740	2,593	3,687

Contract liabilities represented the obligations to transfer goods to a customer for which the Group has received consideration. The changes in the contract liabilities are mainly attributable to the short-term advances received to transfer goods to customers and satisfaction of performance obligations. As at 31 December 2025, no contract liabilities arose from the loyalty points programme (2024: nil).

(b) Other payables are non-interest-bearing and repayable on demand.

17. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2025			2024		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Lease liabilities	4.75	2026	3,882	4.75	2025	4,716
Bank loans - secured	2.50-3.95	2026	119,238	4.15	2025	99,126
Current portion of long term bank loans - secured	4.65	2026	14,936	4.85	2025	8,091
Total - current			<u>138,056</u>			<u>111,933</u>
Non-current						
Lease liabilities	4.75	2027-2028	1,879	4.75	2026-2027	2,205
Bank loans - secured	4.60-4.65	2027-2034	87,539	4.85	2026-2030	53,739
Total - non-current			<u>89,418</u>			<u>55,944</u>
Total			<u><u>227,474</u></u>			<u><u>167,877</u></u>
				2025		2024
				RMB'000		RMB'000
Analysed into:						
Bank loans repayable:						
Within one year or on demand				134,174		107,217
In the second year				14,900		8,000
In the third to fifth years, inclusive				48,700		26,000
Beyond five years				23,939		19,739
Subtotal				<u>221,713</u>		<u>160,956</u>
Other borrowings repayable:						
Within one year				3,882		4,716
In the second year				1,879		1,913
In the third to fifth years, inclusive				—		292
Subtotal				<u>5,761</u>		<u>6,921</u>
Total				<u><u>227,474</u></u>		<u><u>167,877</u></u>

Notes:

- (a) Certain of the Group's bank loans are secured by:
- (i) the Group's buildings and machinery and equipment situated in the Chinese mainland, which had a net carrying value of RMB164,938,000 as at 31 December 2025 (2024: RMB171,164,000) (note 10);
 - (ii) the Group's investment properties situated in the Chinese mainland, which had a carrying value of RMB257,159,000 as at 31 December 2025 (2024: RMB268,103,000) (note 11); and
 - (iii) the Group's leasehold land situated in the Chinese mainland, which had a net carrying value of RMB20,344,000 as at 31 December 2025 (2024: RMB20,876,000).
- (b) Mr. Jin Guojun and Ms. Gong Lijin, the chairman and his wife, have guaranteed certain of the Group's bank loans of up to RMB250,000,000 as at 31 December 2025 (2024: RMB250,000,000).
- (c) Ms. Huang Jingyi, the non-executive director, has guaranteed certain of the Group's bank loans of up to RMB200,000,000 as at 31 December 2025 (2024: RMB200,000,000).

18. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax liabilities

	Revaluation of investment properties <i>RMB '000</i>
Gross deferred tax liabilities at 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	<u>18,589</u>

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2025 <i>RMB '000</i>	2024 <i>RMB '000</i>
Net deferred tax liabilities recognised in the consolidated statement of financial position	<u>18,589</u>	<u>18,589</u>

The Group has tax losses arising in the Chinese mainland of RMB204,427,000 (2024: RMB178,850,000) that will expire in one to ten years for offsetting against future taxable profits of the companies in which the losses arose. The Group has no tax losses arising in Hong Kong (2024: nil) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Deferred tax assets have not been recognised in respect of the following item:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Deductible temporary differences	79,892	29,345
Tax losses	204,427	178,850
Total	<u>284,319</u>	<u>208,195</u>

The above tax losses will expire in one to ten years for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

The Group is liable for withholding taxes on dividends distributable by those subsidiaries established in the Chinese mainland in respect of earnings generated from 1 January 2008. The applicable rate is 10% for the Group.

At 31 December 2025, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in the Chinese mainland. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in the Chinese mainland for which deferred tax liabilities have not been recognised totalled nil at 31 December 2025 (2024: nil).

19. SHARE CAPITAL

Shares

	2025	2024
	RMB'000	RMB'000
Issued and fully paid:		
1,471,123,710 (2024: 1,471,123,710) ordinary shares	100,114	100,114

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000	Share premium RMB'000
At 1 January 2024	1,200,000,000	80,827	205,242
Rights issue (note (a))	271,123,710	19,287	41,316
Share issue expenses	—	—	(1,452)
At 31 December 2024, 1 January 2025 and 31 December 2025	1,471,123,710	100,114	245,106

Note:

- (a) A rights issue of one rights share for every four existing shares held by members on the register of members on 12 July 2024 was made, at an issue price of HKD0.245 per rights share, resulting in the issue of 271,123,710 shares for a total cash consideration, before expenses, of HKD66,425,000 (approximately RMB60,603,000).

20. RELATED PARTY TRANSACTIONS

The Group's principal related parties are as follows:

Name	Relationship with the Company
Bode Holding Group Co., Ltd. ("Bode Holding")	An entity controlled by the ultimate controlling shareholder's sister
Zhejiang Deshipu New Materials Technology Co., Ltd. ("Deshipu New Materials")	An entity controlled by the ultimate controlling shareholder's son
Zhejiang Baicheng Trading Co., Ltd. ("Baicheng Trading")	An entity controlled by the ultimate controlling shareholder
Zhejiang Hongliu Environmental Technology Co., Ltd. ("Zhejiang Hongliu")	An entity controlled by the ultimate controlling shareholder's son
Mr. Jin Guojun	Chairman and a director
Ms. Gong Lijin	Shareholder, wife of the chairman and a director
Ms. Huang Jingyi	Non-executive director
Ms. Jin Yang	Sister of the chairman

(a) The Group had the following transactions with related parties during the year:

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
<u>Leases payments made to:</u>			
Deshipu New Material	(i)	795	—
Zhejiang Hongliu	(i)	2,571	—
Total		3,366	—
<u>Property management payments made to:</u>			
Deshipu New Material	(i)	530	—
Zhejiang Hongliu	(i)	114	—
Total		644	—
<u>Deposits paid to:</u>			
Deshipu New Material	(i)	200	—
Zhejiang Hongliu	(i)	500	—
Total		700	—
<u>Borrowings from:</u>			
Baicheng Trading	(ii)	51,620	63,800

Notes:

- (i) The Group rent certain properties from related parties used for the Group's daily operation. The amount represents leases payments, property management payments and deposits made related to the leases.
- (ii) The borrowings from Baicheng Trading are unsecured, non-interest-bearing and repayable on 31 March 2026.
- (b) Other transactions with related parties:
- (i) Mr. Jin Guojun and Ms. Gong Lijin, the chairman and his wife, have guaranteed certain of the Group's bank loans of up to RMB250,000,000 as at 31 December 2025 (2024: RMB250,000,000).
- (ii) Ms. Huang Jingyi, the non-executive director, has guaranteed certain of the Group's bank loans of up to RMB200,000,000 as at 31 December 2025 (2024: RMB200,000,000).
- (c) Outstanding balances with related parties:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
<u>Due from related parties</u>		
Zhejiang Hongliu (i)	620	—
Deshipu New Material (i)	200	—
Mr. Jin Guojun (ii)	—	80
	<hr/>	<hr/>
Total	820	80
	<hr/> <hr/>	<hr/> <hr/>
<u>Due to related parties</u>		
Bode Holding (ii)	—	30
Baicheng Trading (iii)	—	4,800
	<hr/>	<hr/>
Total	—	4,830
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (i) The balances with related parties above are trade in nature, unsecured, non-interest-bearing and repayable on demand.
- (ii) The balances with related parties above are non-trade in nature, unsecured, non-interest-bearing and repayable on demand.
- (iii) The borrowings from Baicheng Trading are non-trade in nature, unsecured, non-interest-bearing and repayable on 31 March 2026.

(d) Compensation of key management personnel of the Group:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, allowances and benefits in kind	2,398	2,394
Performance related bonuses	67	56
Pension scheme contributions	71	94
	<hr/>	<hr/>
Total compensation paid to key management personnel	<u>2,536</u>	<u>2,544</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business and operations review

During the Reporting Period, design, research and development (“**R&D**”), production and sales of seamless and traditional intimate wear products continued to be the core business of the Group. The Group focuses on providing one-stop intimate wear manufacturing solutions for the original design manufacturers (the “**ODM**”) both in the People’s Republic of China (the “**PRC**”) and overseas, and sale of traditional intimate wear products under the “Bonny” and “U+Bonny” brands through the retail network in the PRC. The Group offers a wide variety of products, such as bras and shorts, underwear sets, casual apparels, sportswear and loungewear products.

In 2025, as the global economy slowed down and unilateralism and protectionism continued to rise, the international economic and trade order was severely disrupted, placing significant pressure on China’s clothing foreign trade. According to data from China Customs, the total export value of China’s textile and apparel products amounted to US\$293.767 billion from January to December 2025, representing a year-on-year decrease of 2.42%. Of this, textile exports totalled US\$142.585 billion, representing an increase by 0.5% year-on-year, while apparel exports amounted to US\$151.182 billion, representing a decrease by 5% year-on-year. China’s exports of apparel to the United States totalled US\$31.86 billion from January to December 2025, representing a year-on-year decrease of 12%; exports to the European Union totalled US\$28.59 billion, a 3.1% increase; exports to Japan totalled US\$11.72 billion, a 1% increase; and exports to South Korea totalled US\$6.21 billion, a 9.2% decrease.

China’s domestic market and industrial advantages remain significant, however, due to sluggish domestic demand and weak consumer sentiment, enterprises face challenges such as insufficient consumer momentum and intensifying industry competition. The operation mode of the e-commerce sector is shifting from traffic expansion to quality improvement, and the effectiveness of traditional low-price models is waning. According to data from the National Bureau of Statistics of China, from January to December 2025, China’s apparel industry had 13,745 enterprises above designated size (with annual revenue of core operations reaching RMB 20 million or above) with total operating revenue of RMB 1,111.995 billion, a year-on-year decrease of 12.67%, and total profit of RMB 45.064 billion, a year-on-year decrease of 27.34%.

Affected by fluctuations in the domestic and international economic environment, the Group's ODM business segment experienced a decline in order volume during the Reporting Period, while its own-brand retail operations remained sluggish. The Group recorded annual revenue of approximately RMB 231.8 million, a decrease of 13.1% from approximately RMB 266.7 million for the Corresponding Period. The Group recorded a total loss attributable to owners of the Company for the year of approximately RMB 56.8 million, compared to loss of approximately RMB 16.7 million for the Corresponding Period. The increase in the loss was primarily due to a decline in revenue and a decrease in the fair value of investment properties.

Brand management and sales

The Group sells its branded products under the Group's "Bonny" brand and "U+ Bonny" brand through the Group's retail network in the PRC.

During the Reporting Period, the retail network of the Group's brand products segment was further downsized. In 2025, the Group opened a total of 12 self-operated retail outlets, and shut down 19 loss-making self-operated retail outlets and franchised retail outlet. As at 31 December 2025, the Group had 100 self-operated retail outlets (comprising 93 self-operated concession counters and 7 self-operated standalone stores) and 9 franchised retail outlets, across 14 provinces, municipalities and autonomous regions in the PRC, and did not involve any distributors or multiple layers of franchisees.

Meanwhile, the Group's products are also available for sale through its current e-commerce network and different well-recognised e-commerce platforms.

Product design, research and development

The R&D department of the Company is mainly responsible for product development and development of prototype and technology, and preparing and guiding the manufacturing process. The Company has also collaborated with domestic research institutes to enhance the R&D of new processes and products. During the Reporting Period, expenses for product design and R&D was approximately RMB13.3 million (2024: approximately RMB18.3 million).

As at 31 December 2025, the Group had a total of 78 registered trademarks in the PRC, one registered trademark in Hong Kong, one registered domain names, 14 registered software copyrights and 18 registered patents in Chinese Mainland, including three invention patents and 15 utility model patents.

Production capacity

The Group produced its products using its own equipment, workers and techniques and applying the order-oriented production strategy to ensure that production is scheduled at the right time to meet customer demands. Since its establishment, the production site of the Group at Yushan County, Shangrao City, Jiangxi Province has accumulated losses of over RMB 200 million, and the Group has been suffering in a certain extent. Accordingly, after a comprehensive assessment of costs and profits, the Group's management decided to close the production site at Yushan County in the first half of 2025. As of the date of this announcement, the Group retained only the production base located in Beiyuan Street, Yiwu City, Zhejiang Province (the “**Beiyuan Production Site**”), which is sufficient to meet the current capacity requirements for existing orders.

Human resources

The number of full-time employees of the Group decreased to 709 as at 31 December 2025 (31 December 2024: 777). The employee benefit expense (excluding directors' and chief executive's remunerations) for the Reporting Period was approximately RMB69.7 million (2024: approximately RMB81.2 million).

In addition to direct employment and labour dispatch, the Group engages production subcontractors to provide on-site sub-contracting staff. The Group's human resources policy does not apply to workers of the relevant production subcontractor and the Group neither determines nor directly pays wages to the subcontracting staff. Subcontracting fees, calculated based on the quantity of goods or services delivered to the Group for the Reporting Period was approximately RMB3.0 million (2024: approximately RMB21.3 million).

Prospect and business strategy

According to general forecasts by major international economic institutions and organizations such as the International Monetary Fund (IMF) and the OECD, global economic growth is expected to slow in 2026, with persistent uncertainty, increased protectionist measures in some countries, and imbalances in the labor supply likely to weigh on growth.

The business environment of the textile industry, in which the Group operates, is significantly influenced by developments in U.S.-China tariff policies. The imposition of higher tariffs by the United States directly undermines the price competitiveness of textile products, leading to a shift in orders away from the U.S. market. However, once tariff barriers are reduced, the comprehensive advantages of “Made in China” including shorter delivery cycles, consistent quality control, and rapid supply chain responsiveness, will be highlighted, enabling it to win back the favor of buyers more effectively than products manufactured in other countries. Although the current “tariff suspension” mechanism provides a valuable breathing space, its stability remains a core risk facing the industry, particularly in light of the political uncertainty surrounding the 2026 U.S. presidential election.

Looking ahead to 2026, the Group's immediate priority is to leverage the current "tariff suspension" buffer period to actively engage with U.S. clients and accelerate order confirmations and shipment processes. Additionally, the Group will continue and deepen the operational initiatives implemented in 2025:

- I) actively expand into emerging markets to identify new growth opportunities and offset the impact of declining orders in the U.S. market;
- II) further stabilize the backup production capacity established in Vietnam to build a supply chain system capable of flexibly responding to any tariff fluctuations;
- III) optimize the product mix by increasing the proportion of high-value-added products and further strengthen market competitiveness through enhanced R&D and innovation;
- IV) in terms of internal management, the Group plans to implement more refined cost control measures to reduce unnecessary expenses; and
- V) re-evaluate the layout of its own retail network to mitigate the impact of underperforming brands on overall performance.

Financial Review

Revenue

Revenue for the Reporting Period reached approximately RMB231.8 million, representing a decrease of approximately RMB34.9 million, or approximately 13.1%, from approximately RMB266.7 million for the Corresponding Period.

The revenue of ODM products segment for the Reporting Period was approximately RMB198.5 million, representing a decrease of approximately RMB32.3 million, or approximately 14.0%, from segment revenue of products approximately RMB230.8 million for the Corresponding Period. During the Reporting Period, the imposition of higher tariffs resulting from trade policy adjustments initiated by the U.S. directly impacted the competitiveness of Chinese enterprises in securing U.S. orders. The Group actively explored overseas processing models and saw its slow progress, resulting in a decline in U.S. orders during the Reporting Period to approximately RMB 40.4 million from approximately RMB 84.6 million for the Corresponding Period.

The brand products segment revenue for the Reporting Period was approximately RMB33.4 million, representing a decrease of approximately RMB2.5 million, or approximately 7.0%, from segment revenue of approximately RMB35.9 million for the Corresponding Period. The lack of revenue growth remained to be attributed to insufficient brand competitiveness and low store efficiency.

Gross Profit

Gross profit for the Reporting Period was approximately RMB67.2 million, representing a decrease of approximately RMB11.7 million, or approximately 14.8%, from approximately RMB78.9 million for the Corresponding Period. The gross margin for the Reporting Period was approximately 29.0%, which roughly kept flat with the Corresponding Period of approximately 29.6%. The decline in gross profit was primarily due to a decrease in revenue.

Other Income and Gains

Other income and gains for the Reporting Period was approximately RMB22.2 million, representing an increase of approximately RMB1.4 million, or approximately 6.7%, from approximately RMB20.8 million for the Corresponding Period. The increase was mainly due to the increase in rental income from factory buildings.

Selling and Distribution Expenses

Selling and distribution costs for the Reporting Period slightly decreased to RMB40.4 million compared to the amount of approximately RMB41.5 million for the Corresponding Period.

Administrative Expenses

Administrative expenses for the Reporting Period slightly increased to RMB32.2 million compared to the amount of approximately RMB31.0 million for the Corresponding Period.

Other Expenses

Other expenses for the Reporting Period were approximately RMB14.7 million, representing a decrease of approximately RMB5.1 million, or approximately 25.8%, from approximately RMB19.8 million for the Corresponding Period. The decrease was mainly due to the decrease of labor and material expenses in R&D expenses.

Fair value changes in investment properties

During the Reporting Period, the net loss from a fair value adjustment of investment properties due to the decrease in market rents was approximately RMB51.8 million as compared to the net loss from a fair value adjustment of approximately RMB16.1 million for the Corresponding period. The significant impairment loss was primarily attributable to a decline in the value of the Group's investment property in Yiwu, Zhejiang, China, due to a substantial increase in the supply of factory buildings available for lease in the local area and intensified competition in the property leasing market, resulting in a decrease in rent per square meter and an increase in vacancy rate.

Finance Costs

Finance costs for the Reporting Period maintained in a similar level, which were approximately RMB6.7 million, representing a decrease of approximately RMB0.3 million, or approximately 4.3%, from approximately RMB7.0 million for the Corresponding Period.

Income Tax Expense

Income tax expense for the Reporting Period were approximately RMB0.2 million as compared to the income tax expense of RMB0.07 million for the Corresponding Period.

Loss Attributable to Equity Holders of the Parent

Loss attributable to ordinary equity holders of the parent for the Reporting Period was approximately RMB56.8 million, representing a decrease of 240.1%, as compared to a loss of approximately RMB16.7 million for the Corresponding Period.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2025, the Group had cash and cash equivalents, which are mostly denominated in Renminbi, U.S. dollars and Hong Kong dollars currency unit, of approximately RMB20.4 million (2024: approximately RMB7.7 million). The interest-bearing liabilities as at 31 December 2025 was approximately RMB227.5 million (2024: approximately RMB167.9 million) with interest rates ranging from approximately 2.50% to 4.75% per annum.

In terms of gearing, the Group's gearing ratio as at 31 December 2025, calculated based on net debts divided by total capital plus net debts, was approximately 49.02% (2024: approximately 42.57%). The Group recorded net current liabilities of approximately RMB73.7 million as of 31 December 2025. As at 31 December 2025, the Group had no material contingent liabilities. The management believes that the Group has maintained adequate financial resources to fulfil its working capital requirements.

FOREIGN EXCHANGE RISK

The monetary assets and liabilities and business transactions of the Group are mainly carried out and conducted in Renminbi, U.S. dollars and Hong Kong dollars currency unit. In view of the stability of the exchange rate between these currencies, the Directors do not consider that the Group was significantly exposed to foreign exchange risk for the Reporting Period. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and to mitigate the impact on exchange rate fluctuations by entering into currency hedge arrangement, if necessary. During the Reporting Period, no forward foreign exchange or hedging contracts had been entered into by the Group. The Group will continue to evaluate the Group's foreign currency exposure and take actions as appropriate.

MATERIAL ACQUISITIONS AND DISPOSALS

During the Reporting Period, the Group has made no material acquisitions or disposals of subsidiaries, associates and joint ventures.

CAPITAL COMMITMENTS

As at 31 December 2025, the Group had total capital commitments of RMB 9.1 million (2024: RMB65.7 million), primarily related to the settlement of the construction of the Beiyuan Production Site.

These capital commitments are expected to be financed by internal and external resources of the Group.

CONTINGENT LIABILITIES

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

PLEDGE OF ASSETS

As at 31 December 2025, save for: i) the Group's buildings and machinery and equipment situated in the Chinese mainland, which had a net carrying value of RMB164.9 million (31 December 2024: RMB171.2 million); ii) the Group's investment properties situated in the Chinese mainland, which had a carrying amount of RMB257.2 million (31 December 2024: RMB268.1 million); and iii) the Group's leasehold land situated in the Chinese mainland, which had a net carrying value of RMB20.3 million (31 December 2024: RMB20.9 million) which were pledged to secure general banking facilities, the Group did not pledge any other assets.

THE USE OF PROCEEDS OF RIGHTS ISSUE

Reference is made to the announcements of the Company dated 19 June 2024, 12 July 2024, 9 September 2024 and the prospectus of the Company dated 16 August 2024 (the "**Prospectus**") in relation to the Rights Issue. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus. On 10 September 2024, the Company completed the Rights Issue at the Subscription Price of HK\$0.245 per Rights Share on the basis of one (1) Rights Share for every four (4) existing Shares held by the Qualifying Shareholders at the close of business on the Record Date. Upon completion of the Rights Issue on 10 September 2024, a total of 271,123,710 Rights Shares were issued in accordance with the terms of the Rights Issue, resulting in net proceeds (net of expenses) of approximately HK\$65.0 million (the "**Net Proceeds of the Rights Issue**").

Details of the actual use of the Net Proceeds of the Rights Issue are as follows:

	Allocation of the Net Proceeds of the Rights Issue <i>HK\$ million</i>	Utilized Net Proceeds of the Rights Issue as at 31 December 2025 <i>HK\$ million</i>	Unutilized Net Proceeds of the Rights Issue as at 31 December 2025 <i>HK\$ million</i>
General working capital	54.1	54.1	0.0
Purchase of equipment	7.4	5.8	1.6
New Product Research & Development	3.5	3.5	0.0
	<hr/>	<hr/>	<hr/>
Total	<u>65.0</u>	<u>63.4</u>	<u>1.6</u>

SUBSEQUENT EVENT

Up to the date of this announcement, the Group had no significant event occurred which would materially affect the Group's operating and financial performance.

EMPLOYEE AND REMUNERATION POLICY

The Group's remuneration policy is to compensate its employees based on their performance, qualifications and the Group's operational results. The total remuneration of employees includes basic salaries and performance bonus. Directors and senior management of the Group receive compensation in the form of fees, salaries, allowances, discretionary bonus, defined contribution plans and other benefits in kind with reference to those paid by comparable companies, time commitment and the performance of the Group. The Group also reimburses its Directors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to the Group or executing their functions in relation to the operations of the Group. The Group regularly reviews and determines the remuneration and compensation packages (including incentive plans) of its Directors and senior management by reference to, among other things, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of its Directors and senior management and the performance of the Group. The Company has adopted a share option scheme on 19 March 2019 as incentive or reward to the Directors, senior management and other selected participant.

During the Reporting Period, no remuneration or compensation was paid or payable by the Group to any of the five highest paid individuals in the Group, the Directors and the chief executive officer of the Company as an inducement to join or upon joining the Group or as compensation for any loss of office. None of the Directors has waived any remuneration during the Reporting Period.

SIGNIFICANT INVESTMENTS HELD

During the Reporting Period, the Group did not have any significant investment.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as otherwise disclosed this announcement, there were no material investments or additions of capital assets authorised by the Board at the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

CORPORATE GOVERNANCE MEASURES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Board has adopted the principles and the code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) to ensure that the Company's business activities and decision-making processes are regulated in a proper and prudent manner.

The Company had complied with all the applicable code provisions under the CG Code during the Reporting Period, save and except for deviation from code provision C.2.1 of the CG Code.

Mr. Jin Guojun is the Chairman of the Board and chief executive officer of the Company. Although this deviates from the practice under code provision C.2.1 of the CG Code, which provides that the two positions should be held by two different individuals, as Mr. Jin has considerable experience in the enterprise operation and management of the Company, the Board believes that it is in the best interests of the Company and its shareholders as a whole to continue to have Mr. Jin as Chairman of the Board so that it can benefit from his experience and capability in leading the Board in the long-term development of the Company. From a corporate governance point of view, the decisions of the Board are made collectively by way of voting and therefore the Chairman should not be able to monopolize the decision-making of the Board. The Board considers that the balance of power between the Board and management can still be maintained under the current structure. The Board shall review the structure from time to time to ensure appropriate action to be taken should the need arises.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) consists of three independent non-executive Directors, being Mr. Chan Yin Tsung, Mr. Chow Chi Hang Tony and Dr. Wei Zhongzhe. Mr. Chan Yin Tsung currently serves as the chairman of the Audit Committee.

The Audit Committee has reviewed with management the Group’s consolidated financial statements for the year ended 31 December 2025, the accounting principles and practices adopted and discussed auditing, internal control and financial reporting matters.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

Upon specific enquiry, all Directors have confirmed that they have complied with the Model Code during the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Company during the Reporting Period.

DIVIDENDS

The Board does not recommend a final dividend for the Reporting Period (2024: nil).

ANNUAL GENERAL MEETING

The forthcoming 2026 annual general meeting (the “**AGM**”) of the Company will be held in the PRC on Thursday, 18 June 2026. Notice of the AGM will be published and, if necessary, despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM 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 no transfer of Shares will be registered. In order to be entitled to attend and vote at the Annual General Meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Friday, 12 June 2026.

SCOPE OF WORK FOR ANNUAL RESULTS ANNOUNCEMENT BY AUDITORS

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 December 2025, but represents an extract from the consolidated financial statements for the year ended 31 December 2025 which have been audited by the auditor of the Company, Ernst & Young in accordance with Hong Kong Standards of Auditing issued by the Hong Kong Institute of Certified Public Accountants. The financial information has been reviewed by the Audit Committee and approved by the Board.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement of the Group for the year ended 31 December 2025 is available for viewing on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.bonnychina.com.

An annual report of the Group for the year ended 31 December 2025, containing all the information required by the Listing Rules, will be despatched to the shareholders of the Company and published on the above websites in due course.

By order of the Board
Bonny International Holding Limited
Jin Guojun
Chairman

Hong Kong, 27 March 2026

As at the date of this announcement, the Board comprises Mr. Jin Guojun and Mr. Zhao Hui as executive Directors; Ms. Gong Lijin and Ms. Huang Jingyi as non-executive Directors; and Mr. Chan Yin Tsung, Mr. Chow Chi Hang Tony and Dr. Wei Zhongzhe as independent non-executive Directors.