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STAR SHINE HOLDINGS GROUP LIMITED

應星控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1440)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

The board (the “**Board**”) of directors (the “**Directors**”) of Star Shine Holdings Group Limited (the “**Company**”) announces the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2025 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 December 2024 (“**FY2024**”).

In this announcement, “we”, “us”, and “our” refer to the Company and where the context otherwise requires, the Group.

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the Reporting Period was approximately RMB513.8 million, representing a decrease of approximately 12.1% as compared with that for the FY2024.
- Gross profit of the Group for the Reporting Period was approximately RMB53.0 million, representing a decrease of approximately 7.8% as compared with that for the FY2024.
- Loss attributable to owners of the Company for the Reporting Period was approximately RMB98.3 million, representing an increase of approximately 6.7 times as compared with that for the FY2024.
- Basic and diluted loss per share attributable to owners of the Company was approximately RMB7.80 cents for the Reporting Period.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Revenue	3	513,786	584,541
Cost of sales		<u>(460,782)</u>	<u>(527,047)</u>
Gross profit		53,004	57,494
Other income	4	2,150	1,797
Other (losses)/gains, net	5	(1,480)	2,096
Selling and distribution expenses		(24,902)	(34,175)
Administrative expenses		(50,618)	(39,525)
Net (provision for)/reversal of loss allowance on financial assets and contract assets	6	(230)	1,034
Impairment loss on property, plant and equipment	10	(29,982)	(1,642)
Impairment loss on interest in a joint venture	11	<u>(44,377)</u>	<u>–</u>
Operating loss		(96,435)	(12,921)
Finance income	7	1,413	2,757
Finance costs	7	<u>(4,256)</u>	<u>(2,599)</u>
Finance (costs)/income, net		<u>(2,843)</u>	<u>158</u>
Loss before income tax	6	<u>(99,278)</u>	<u>(12,763)</u>
Income tax credit	8	<u>984</u>	<u>10</u>
Loss for the year attributable to owners of the Company		<u><u>(98,294)</u></u>	<u><u>(12,753)</u></u>
Loss per share attributable to owners of the Company			
Basic and diluted (<i>RMB cents</i>)	9	<u><u>(7.80)</u></u>	<u><u>(1.01)</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

	2025	2024
	RMB'000	RMB'000
Loss for the year	(98,294)	(12,753)
Other comprehensive (loss)/income:		
<i>Item that may be reclassified to profit or loss</i>		
– Exchange differences on translation of foreign operations	<u>(1,135)</u>	<u>547</u>
Total comprehensive loss for the year attributable to owners of the Company	<u>(99,429)</u>	<u>(12,206)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2025

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
Assets			
Non-current assets			
Property, plant and equipment	<i>10</i>	72,347	110,218
Right-of-use assets	<i>10</i>	5,604	8,738
Intangible assets		810	424
Interest in a joint venture	<i>11</i>	–	32,410
Prepayments	<i>12</i>	642	–
		79,403	151,790
Current assets			
Inventories	<i>13</i>	3,216	5,292
Contract assets	<i>14</i>	2,673	4,677
Trade and bills receivables	<i>14</i>	41,071	72,004
Prepayments, deposits and other receivables	<i>12</i>	21,236	19,132
Financial assets at fair value through profit or loss (“FVPL”)		5	8,006
Cash and cash equivalents		243,352	231,939
		311,553	341,050
Total assets		390,956	492,840
Equity			
Equity attributable to owners of the Company			
Share capital		10,511	10,511
Reserves		193,738	293,167
		204,249	303,678
Perpetual securities		18,064	–
Total equity		222,313	303,678

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Liabilities			
Non-current liabilities			
Other payables	<i>15</i>	1,271	1,321
Lease liabilities		2,787	4,525
Deferred tax liabilities		608	550
		4,666	6,396
Current liabilities			
Trade and bills payables	<i>16</i>	66,477	109,569
Other payables and accruals	<i>15</i>	14,920	13,405
Contract liabilities	<i>15</i>	802	1,147
Lease liabilities		739	1,980
Loans from ultimate holding company	<i>17</i>	77,683	52,349
Current income tax liabilities		3,356	4,316
		163,977	182,766
Total liabilities		168,643	189,162
Total equity and liabilities		390,956	492,840

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 4 January 2019 as an exempted company with limited liability under the Companies Law Cap. 22, Law 3 of 1961 as consolidated and revised of the Cayman Islands. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered address of the Company’s registered office is 71 Fort Street, P.O. Box 500, George Town, Grand Cayman, KY1-1106, Cayman Islands. The Company’s principal place of business in Hong Kong is situated at Unit C, 21/F, Lee & Man Commercial Center, 169 Electric Road, North Point, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) is principally engaged in (i) manufacturing of lace and provision of dyeing services, (ii) footwear business and (iii) intellectual property (“**IP**”) related merchandise business.

In the opinion of the Directors of the Company, the ultimate holding company of the Company is Glorious Way Investments Limited (“**Glorious Way**”), a company incorporated in the British Virgin Islands (“**BVI**”). The ultimate controlling shareholder is Mr. Tsoi Wing Sing.

The consolidated financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (“**RMB’000**”), unless otherwise indicated.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The consolidated financial statements have been prepared under the historical cost convention, except for the financial assets at FVPL.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2024 consolidated financial statements. The adoption of the revised HKFRS Accounting Standards that are relevant to the Group and effective from the current year had no significant effects on the results and financial position of the Group for the current and prior year.

(a) Adoption of revised HKFRS Accounting Standards

The Group has applied, for the first time, the following revised HKFRS Accounting Standards that is relevant to the Group:

Amendments to HKAS 21	Lack of Exchangeability
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Amendments to HKAS 21: Lack of Exchangeability

The amendments require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

(b) Future changes in HKFRS Accounting Standards

At the date of authorisation of the consolidated financial statements, the HKICPA has issued the following new/revised HKFRS Accounting Standards that are not yet effective for the current financial Reporting Period, which the Group has not early adopted.

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

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

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

³ The effective date to be determined

Except for HKFRS 18, the Directors of the Company anticipate that the application of these amendments to HKFRS Accounting Standards will have no material impact on the Group's consolidated financial statements in the foreseeable future.

3 REVENUE AND SEGMENT INFORMATION

The Company is an investment holding company and the Group is principally engaged in (i) manufacturing of lace and provision of dyeing services, (ii) footwear business and (iii) IP related merchandise business.

The executive Directors of the Company have been identified as the chief operating decision-maker (“CODM”). The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segment based on these reports. The Group has three reportable operating segments being:

- (i) Lace and Dyeing – principally engaged in the manufacturing of lace and provision of dyeing services based on customers' orders for lingerie, lace and swimwear fabrics;
- (ii) Footwear – principally engaged in design, research and development, sourcing, merchandising, quality control and sales of casual and sports footwear; and
- (iii) IP Merchandise – principally engaged in the design, manufacturing, promotion and sale of a diverse range of products collaborating with international and reputable IP partners.

Prior to 1 January 2025, there were three reportable and operating segments, namely (i) Manufacturing of lace; (ii) Provision of dyeing services; and (iii) Footwear.

From 1 January 2025, the management of the Group has changed the presentation of the information reported to the CODM, and segment reporting is updated to conform to this change. The management of the Group is of the view that this change of segment disclosure better reflects the Group's financial performance and better aligns with the Group's resource allocation.

The updated reportable segments comprise (i) Lace and Dyeing, which is aggregated by the former Manufacturing of lace and Provision of dyeing services segments, (ii) Footwear and (iii) IP Merchandise. The management of the Group periodically reviews their developments and dynamically adjust resource allocation and strategies.

Segment revenue represents revenue derived from (i) Lace and Dyeing, (ii) Footwear and (iii) IP Merchandise.

Segment results, which are the measures reported to the CODM for the purposes of resources allocation and assessment of segment performance, represent the profit earned or loss incurred by each segment without allocation of other income, other (losses)/gains, net, administrative expenses, net (provision for)/reversal of loss allowance on financial assets and contract assets, impairment loss on property, plant and equipment, impairment loss on interest in a joint venture and finance (costs)/income, net.

Segment assets include property, plant and equipment, right-of-use assets, intangible assets, interest in a joint venture, inventories, contract assets, trade and bills receivables, prepayments, deposits and other receivables, financial assets at FVPL and cash and cash equivalents. All assets are allocated to operating segments other than unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities include trade and bills payables, other payables and accruals, contract liabilities, lease liabilities, loans from ultimate holding company, current income tax liabilities and deferred tax liabilities. All liabilities are allocated to operating segments other than unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

(a) **Segment revenue and results**

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

For the year ended 31 December 2025

	Lace and Dyeing RMB'000	Footwear RMB'000	IP Merchandise RMB'000	Unallocated RMB'000	Total RMB'000
Revenue from external customers and reportable segment revenue	<u>81,365</u>	<u>428,624</u>	<u>3,797</u>	<u>-</u>	<u>513,786</u>
Gross (loss)/profit	(2,850)	53,373	2,481	-	53,004
Selling and distribution expenses	<u>(1,339)</u>	<u>(23,269)</u>	<u>(294)</u>	<u>-</u>	<u>(24,902)</u>
Segments results	(4,189)	30,104	2,187	-	28,102
Other income	1,540	610	-	-	2,150
Other (losses)/gains, net	(582)	634	10	(1,542)	(1,480)
Administrative expenses	(6,945)	(31,261)	(1,841)	(10,571)	(50,618)
Net provision for loss allowance on financial assets and contract assets	(83)	(93)	(2)	(52)	(230)
Impairment loss on property, plant and equipment	(29,982)	-	-	-	(29,982)
Impairment loss on interest in a joint venture	-	-	-	(44,377)	(44,377)
Finance income/(costs), net	<u>809</u>	<u>27</u>	<u>-</u>	<u>(3,679)</u>	<u>(2,843)</u>
(Loss)/Profit before income tax	(39,432)	21	354	(60,221)	(99,278)
Income tax credit/(expenses)	<u>208</u>	<u>803</u>	<u>(27)</u>	<u>-</u>	<u>984</u>
(Loss)/Profit for the year	<u>(39,224)</u>	<u>824</u>	<u>327</u>	<u>(60,221)</u>	<u>(98,294)</u>
<i>Other information</i>					
Depreciation of property, plant and equipment	10,977	1,186	-	-	12,163
Depreciation of right-of-use assets	82	1,906	-	-	1,988
Additions to non-current segment assets	3,380	3,223	-	-	6,603
Write-down of inventories	1,106	-	-	-	1,106
Research and development expenditures	6,596	6,097	-	-	12,693
Commission and handling charges	<u>-</u>	<u>13,049</u>	<u>-</u>	<u>-</u>	<u>13,049</u>

For the year ended 31 December 2024 (Represented)

	Lace and Dyeing RMB'000	Footwear RMB'000	Unallocated RMB'000	Total RMB'000
Revenue from external customers and reportable segment revenue	<u>79,353</u>	<u>505,188</u>	<u>–</u>	<u>584,541</u>
Gross (loss)/profit	(112)	57,606	–	57,494
Selling and distribution expenses	<u>(1,506)</u>	<u>(32,669)</u>	<u>–</u>	<u>(34,175)</u>
Segment results	(1,618)	24,937	–	23,319
Other income	1,451	346	–	1,797
Other (losses)/gains, net	(886)	1,734	1,248	2,096
Administrative expenses	(7,089)	(29,432)	(3,004)	(39,525)
Net reversal of loss allowance on financial assets and contract assets	229	805	–	1,034
Impairment loss on property, plant and equipment	(1,642)	–	–	(1,642)
Finance income/(costs), net	<u>1,455</u>	<u>(945)</u>	<u>(352)</u>	<u>158</u>
Loss before income tax	(8,100)	(2,555)	(2,108)	(12,763)
Income tax credit/(expenses)	<u>41</u>	<u>(31)</u>	<u>–</u>	<u>10</u>
Loss for the year	<u>(8,059)</u>	<u>(2,586)</u>	<u>(2,108)</u>	<u>(12,753)</u>
<i>Other information</i>				
Depreciation of property, plant and equipment	11,319	477	–	11,796
Depreciation of right-of-use assets	83	1,472	–	1,555
Additions to non-current segment assets	758	1,027	–	1,785
Write-down of inventories	1,115	–	–	1,115
Research and development expenditures	6,740	5,372	–	12,112
Commission and handling charges	<u>–</u>	<u>22,198</u>	<u>–</u>	<u>22,198</u>

(b) **Segment assets and liabilities**

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

	Lace and Dyeing RMB'000	Footwear RMB'000	IP Merchandise RMB'000	Unallocated RMB'000	Total RMB'000
At 31 December 2025					
Property, plant and equipment	69,211	3,136	-	-	72,347
Right-of-use assets	2,307	3,297	-	-	5,604
Intangible assets	476	334	-	-	810
Financial assets at FVPL	-	1	-	4	5
Other assets	150,306	93,836	7,922	60,126	312,190
Total assets	<u>222,300</u>	<u>100,604</u>	<u>7,922</u>	<u>60,130</u>	<u>390,956</u>
Current income tax liabilities	3,330	-	26	-	3,356
Deferred tax liabilities	463	145	-	-	608
Other liabilities	14,771	68,952	736	80,220	164,679
Total liabilities	<u>18,564</u>	<u>69,097</u>	<u>762</u>	<u>80,220</u>	<u>168,643</u>
At 31 December 2024 (Represented)					
Property, plant and equipment	108,773	1,445	-	-	110,218
Right-of-use assets	2,390	6,348	-	-	8,738
Intangible assets	345	79	-	-	424
Interest in a joint venture	-	-	-	32,410	32,410
Financial assets at FVPL	-	8,006	-	-	8,006
Other assets	180,007	138,588	-	14,449	333,044
Total assets	<u>291,515</u>	<u>154,466</u>	<u>-</u>	<u>46,859</u>	<u>492,840</u>
Current income tax liabilities	3,510	806	-	-	4,316
Deferred tax liabilities	491	59	-	-	550
Other liabilities	16,060	116,092	-	52,144	184,296
Total liabilities	<u>20,061</u>	<u>116,957</u>	<u>-</u>	<u>52,144</u>	<u>189,162</u>

- (c) Disaggregation of revenue from contracts with customers within HKFRS 15 by the timing of revenue is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Timing of revenue recognition		
Over time		
– provision of services	81,365	79,353
At a point in time		
– sales of footwear	428,624	505,188
– sales of IP related merchandise	<u>3,797</u>	<u>–</u>
	<u>513,786</u>	<u>584,541</u>

- (d) **Segment revenue by operating geographical location**

The Group's revenue by geographical location, which is determined by the location of operations, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Chinese Mainland and Hong Kong	<u>513,786</u>	<u>584,541</u>

- (e) **Information about major customers**

Revenue derived from customers individually contributing over 10% of the Group's total revenue during the years ended 31 December 2025 and 2024 is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
From footwear business segment		
Customer A	363,757	454,719
Customer B	<u>57,109</u>	<u>N/A*</u>

- * The corresponding customer did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2024.

(f) Details of contract liabilities

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Contract liabilities	<u>802</u>	<u>1,147</u>

Notes:

- (i) Contract liabilities represent advanced payments received from the customers for services that have not yet been transferred to the customers. The contract liabilities fluctuated during the years ended 31 December 2025 and 2024 due to fluctuation in sales orders with advanced payments.
- (ii) During the years ended 31 December 2025 and 2024, all brought-forward contract liabilities at the beginning of the financial reporting periods were fully recognised as revenue.

(g) Unsatisfied performance obligations

At 31 December 2025 and 2024, all performance obligations not yet satisfied by the Group were from contracts with original expected duration of less than one year. Therefore, as permitted by the relevant practical expedient under HKFRS 15 “Revenue from Contracts with Customers”, the transaction price allocated to these unsatisfied performance obligations was not disclosed.

(h) Non-current assets by geographical location

No geographical analysis on segment assets is provided as substantially all of the Group’s non-current assets were located in the Chinese Mainland.

4 OTHER INCOME

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Government grants (<i>Note</i>)	1,023	752
Others	<u>1,127</u>	<u>1,045</u>
	<u>2,150</u>	<u>1,797</u>

Note: Government grants are all income related and there exists no unfulfilled conditions or other contingencies attaching to these government grants.

5 OTHER (LOSSES)/GAINS, NET

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loss on disposal of properties, plant and equipment	(1,107)	(13)
Exchange differences	(436)	2,102
Gain on early termination of lease	69	–
Others	(6)	7
	<u>(1,480)</u>	<u>2,096</u>

6 LOSS BEFORE INCOME TAX

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Staff costs (including Director's remuneration)		
Salaries, allowances and benefits in kind	56,062	50,097
Pension scheme contributions	4,780	3,925
	<u>60,842</u>	<u>54,022</u>
Total staff costs (charged to "Cost of sales", "Administrative expenses" and "Selling and distribution expenses", as appropriate) (<i>Note</i>)	<u>60,842</u>	<u>54,022</u>
Cost of inventories	397,266	477,110
Amortisation of intangible assets	217	158
Depreciation of property, plant and equipment and right-of-use assets (charged to "Cost of sales", "Administrative expenses" and "Selling and distribution expenses", as appropriate)	14,151	13,351
Write-down of inventories (charged to "Cost of sales")	1,106	1,115
Auditor's remuneration		
– Audit service	904	821
– Non-audit service	453	410
Net provision for/(reversal of) loss allowance on financial assets and contract assets	230	(1,034)
Impairment loss on property, plant and equipment	29,982	1,642
Research and development expenditures	12,693	12,112
Commission and handling charges	<u>13,049</u>	<u>22,198</u>

Note:

For the years ended 31 December 2025 and 2024, there were no forfeited contributions in respect of contribution previously made which were available to reduce the Group's existing level of contributions to the relevant defined contribution retirement plans.

7 FINANCE (COSTS)/INCOME, NET

	2025 RMB'000	2024 RMB'000
Finance income		
Interest income	1,413	2,757
Finance costs		
Unwinding of discount on other payables	(14)	(13)
Interest expenses on lease liabilities	(187)	(200)
Interest expenses on interest-bearing borrowing	–	(1,825)
Charges on bills payables	(367)	(206)
Interest expenses on loans from ultimate holding company	(3,688)	(355)
	<u>(4,256)</u>	<u>(2,599)</u>
Finance (costs)/income, net	<u>(2,843)</u>	<u>158</u>

8 TAXATION

Taxation has been provided at the appropriate rates prevailing in the jurisdictions in which the Group operates.

The group entities established in the Cayman Islands and the BVI are exempted from corporate income tax of those jurisdictions.

During the years ended 31 December 2025 and 2024, Fujian Deyun Technology Co., Ltd* (福建德運科技有限公司), the Group's subsidiary in the People's Republic of China ("PRC"), has been qualified for high and new technology enterprises status since December 2022 with a valid period of 3 years and was further re-approved as a high and new technology enterprise in December 2025 with a valid period of 3 years. The subsidiary is therefore subject to a preferential income tax rate of 15% during the valid period.

For the entities recognised as a micro and small enterprise ("MSE") in the PRC, they can enjoy a preferential tax rate of 20%. Putian Yingchuang Trading Company Limited* (莆田盈創貿易有限公司), the Group's subsidiary in the PRC, was recognised as a MSE for the years ended 31 December 2025 and 2024.

* For identification purpose only.

The State Taxation Administration of the PRC announced in March 2021 that enterprises engaging in research and development activities would be entitled to claim at maximum 200% of their research and development expenses as “Super Deduction”. The Directors of the Company consider the eligibility of the PRC subsidiaries and recognise the additional tax deduction for the years ended 31 December 2025 and 2024.

No provision for tax in the PRC has been made as the subsidiaries operating in the PRC incurred loss for tax purpose during the years ended 31 December 2025 and 2024.

Pursuant to the enactment of two-tiered profit tax rates by the Inland Revenue Department of Hong Kong from the year of assessment 2018/19 onwards, the first Hong Kong dollars (“HKD”) 2 million of assessable profits of the qualifying group entity arising from Hong Kong will be taxed at 8.25%, and assessable profits above HKD2 million will be taxed at 16.5%.

During the years ended 31 December 2025 and 2024, one of the Group’s subsidiaries in Hong Kong, was a qualifying entity under the two-tiered profits tax rates regime. The profits of corporations in the Group not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% of the estimated assessable profits for the years ended 31 December 2025 and 2024.

	2025	2024
	<i>RMB’000</i>	<i>RMB’000</i>
Current tax		
Hong Kong Profits Tax	<u>26</u>	<u>44</u>
	26	44
Over-provision in prior years		
The PRC Corporate Income Tax	(1,026)	–
Hong Kong Profits Tax	<u>(45)</u>	<u>(72)</u>
	(1,071)	(72)
Deferred tax	<u>61</u>	<u>18</u>
Income tax credit	<u>(984)</u>	<u>(10)</u>

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loss before income tax	<u>(99,278)</u>	<u>(12,763)</u>
Tax calculated at tax rates applicable to the respective subsidiaries	(15,183)	(2,378)
Tax effect of:		
Income not subject tax	(298)	(480)
Expense not deductible for tax purpose	8,615	2,148
Unrecognised temporary differences	5,880	377
Over-provision in prior years	(1,071)	(72)
Tax loss not recognised (<i>Note (a)</i>)	2,062	1,406
Super deductions from research and development expenditure (<i>Note (b)</i>)	<u>(989)</u>	<u>(1,011)</u>
Income tax credit	<u>(984)</u>	<u>(10)</u>

Notes:

- (a) At 31 December 2025, the Group did not recognise deferred tax assets of approximately RMB4,332,000 (2024: RMB3,047,000) in respect of tax losses amounting to approximately RMB28,806,000 (2024: RMB20,315,000), which is subject to the agreement by the relevant tax authority and could be carried forward to offset future income for a maximum of 5 years from the year in which the tax losses was incurred.
- (b) According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC, enterprises engaging in research and development activities are entitled to claim 200% of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year.

9 LOSS PER SHARE

The basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2025 and 2024.

	2025	2024
Loss for the year attributable to owners of the Company (RMB'000)	(98,294)	(12,753)
Weighted average number of ordinary shares in issue (thousands of shares)	1,260,000	1,260,000
Basic and diluted loss per share (RMB cents)	<u>(7.80)</u>	<u>(1.01)</u>

There were no differences between the basic and diluted loss per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 December 2025 and 2024.

10 PROPERTIES, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	Buildings	Plant and machinery	Office equipment	Furniture and fixture	Leasehold improvement	Motor vehicles	Construction in progress	Sub-total	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2024										
Opening net carrying amount	24,594	92,859	1,770	-	-	2,695	96	122,014	6,326	128,340
Additions	-	983	217	-	-	455	-	1,655	3,860	5,515
Depreciation (Note 6)	(1,908)	(9,133)	(326)	-	-	(429)	-	(11,796)	(1,555)	(13,351)
Transfer from construction in progress	-	96	-	-	-	-	(96)	-	-	-
Disposal	-	(13)	-	-	-	-	-	(13)	-	(13)
Impairment loss	-	(1,642)	-	-	-	-	-	(1,642)	-	(1,642)
Exchange realignment	-	-	-	-	-	-	-	-	107	107
Closing net carrying amount	<u>22,686</u>	<u>83,150</u>	<u>1,661</u>	<u>-</u>	<u>-</u>	<u>2,721</u>	<u>-</u>	<u>110,218</u>	<u>8,738</u>	<u>118,956</u>
At 31 December 2024										
Cost	43,705	281,082	6,046	-	-	4,573	-	335,406	12,354	347,760
Accumulated depreciation and impairment	<u>(21,019)</u>	<u>(197,932)</u>	<u>(4,385)</u>	<u>-</u>	<u>-</u>	<u>(1,852)</u>	<u>-</u>	<u>(225,188)</u>	<u>(3,616)</u>	<u>(228,804)</u>
Net carrying amount	<u>22,686</u>	<u>83,150</u>	<u>1,661</u>	<u>-</u>	<u>-</u>	<u>2,721</u>	<u>-</u>	<u>110,218</u>	<u>8,738</u>	<u>118,956</u>
Year ended 31 December 2025										
Opening net carrying amount	22,686	83,150	1,661	-	-	2,721	-	110,218	8,738	118,956
Additions	-	2,958	216	726	1,625	475	-	6,000	-	6,000
Depreciation (Note 6)	(1,786)	(9,026)	(330)	(171)	(382)	(468)	-	(12,163)	(1,988)	(14,151)
Disposal	-	(1,572)	-	-	-	(121)	-	(1,693)	-	(1,693)
Modification of leases	-	-	-	-	-	-	-	-	42	42
Early termination of lease	-	-	-	-	-	-	-	-	(1,073)	(1,073)
Impairment loss	-	(29,982)	-	-	-	-	-	(29,982)	-	(29,982)
Exchange realignment	-	-	(3)	(9)	(15)	(6)	-	(33)	(115)	(148)
Closing net carrying amount	<u>20,900</u>	<u>45,528</u>	<u>1,544</u>	<u>546</u>	<u>1,228</u>	<u>2,601</u>	<u>-</u>	<u>72,347</u>	<u>5,604</u>	<u>77,951</u>
At 31 December 2025										
Cost	43,705	241,481	6,258	715	1,604	3,948	-	297,711	11,144	308,855
Accumulated depreciation and impairment	<u>(22,805)</u>	<u>(195,953)</u>	<u>(4,714)</u>	<u>(169)</u>	<u>(376)</u>	<u>(1,347)</u>	<u>-</u>	<u>(225,364)</u>	<u>(5,540)</u>	<u>(230,904)</u>
Net carrying amount	<u>20,900</u>	<u>45,528</u>	<u>1,544</u>	<u>546</u>	<u>1,228</u>	<u>2,601</u>	<u>-</u>	<u>72,347</u>	<u>5,604</u>	<u>77,951</u>

During the years ended 31 December 2025 and 2024, depreciation expenses have been charged in cost of sales, selling and distribution expenses and administrative expenses as below:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cost of sales	10,319	10,485
Selling and distribution expenses	–	2
Administrative expenses	<u>3,832</u>	<u>2,864</u>
	<u>14,151</u>	<u>13,351</u>

In view of the business performance continue to fall below management’s expectation (*2024: fell below management’s expectation*) in respect of the manufacturing of lace and provision of dyeing services (the “**Lace and Dyeing Business**”) during the current period, the management of the Group identified the existence of an impairment indication on the property, plant and equipment and right-of-use assets of Lace and Dyeing Business (the “**Non-current Assets**”). The situation has been further impacted by rising compliance costs stemming from intensified environmental regulations in the PRC on industrial emissions and energy utilisation. These policies mandate the phasing out of coal-fired boilers in favor of centralised steam supply from a third party supplier and the substitution of cleaner energy sources. The compulsory switch to steam procurement from external supplier has led to higher ongoing operational losses. The management of the Group engaged an independent professional valuer to assess the recoverable amount of the Non-current Assets, which is determined based on the value-in-use (“**VIU**”) of the Lace and Dyeing Business to which the Non-current Assets relate.

The management of the Group estimated the recoverable amount of the Non-current Assets with reference to the VIU calculation using cash flow projection of Lace and Dyeing Business. The VIU calculation uses cash flow projections based on financial budgets approved by the Directors of the Company covering a 5-year period. Cash flow beyond the 5-year period has been extrapolated using a long-term growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry.

Based on the impairment review performed by the management of the Group with reference to the VIU calculation conducted by an independent professional valuer, the recoverable amount of Non-current Assets of approximately RMB59,988,000 (*2024: RMB104,213,000*) was lower than its carrying amount at 31 December 2025 and therefore, an impairment loss of approximately RMB29,982,000 (*2024: RMB1,642,000*) was recognised for the year ended 31 December 2025.

11. INTEREST IN A JOINT VENTURE

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Unlisted shares, at cost	—*	—*
Loan to a joint venture	<u>44,377</u>	<u>32,410</u>
	44,377	32,410
Less: Impairment	<u>(44,377)</u>	<u>—</u>
	<u><u>—</u></u>	<u><u>32,410</u></u>

* represents amount less than RMB1,000

Details of the joint venture at the end of the Reporting Period are as follows:

Name of joint venture	Principal place of business and place of incorporation	Class of shares held	Proportion of value of issued capital held by the Company		Principal activities
			Directly	Indirectly	
Star Power Development Limited (“Star Power”)	Hong Kong	Ordinary	—	50%	Events management

The above joint venture is accounted for using the equity method in the consolidated financial statements.

Relationship with joint venture

On 25 October 2024, Circle Time Limited (“**Circle Time**”), a wholly-owned subsidiary of the Group, and Asia Partners IFBD Limited (“**Asia Partners**”), an independent third party incorporated in Hong Kong which is the rightful owner of the rights pertaining to the museum brand of an iconic Portuguese footballer, Mr. Cristiano Ronaldo dos Santos Aveiro (the “**Player**”) and its relevant merchandises in Hong Kong entered into a joint venture agreement in respect of the formation of the joint venture to collaborate on hosting events which involve the organisation and development of a travelling exhibition in Hong Kong for the museum brand of the Player.

On 25 October 2024, Circle Time entered into a loan agreement with Star Power. Pursuant to the loan agreement, Circle Time has committed to providing a loan facility of not more than HK\$70,000,000 (equivalent to approximately RMB64,820,000) for the working capital of Star Power.

Repayment of any amount of the loan is subject to the joint venture having sufficient assets after taking into account the external financing and accumulated profits. During the year ended 31 December 2025, additional loan drawdown of HK\$13,730,000 (equivalent to approximately RMB12,401,000) was provided to Star Power pursuant to the loan agreement with Star Power. In the opinion of the Directors of the Company, the loans are considered as part of the Group’s net investment in a joint venture. The loan is denominated in HKD, unsecured and interest-free.

Arrangements with joint venture partners

Pursuant to the joint venture agreement, the board of Star Power shall be consist of four directors (*31 December 2024: two directors*), with two directors (*31 December 2024: one director*) to be appointed by the joint venture partner, Asia Partners and two directors (*31 December 2024: one director*) to be appointed by Circle Time. All decisions relating to the event, including but not limited to the budget plan for the event, the use of funds and entering into any agreement with any third parties, shall be made by the mutual approval of directors appointed by each joint venture partner.

Fair value of investments

At the end of the Reporting Period, the Group’s joint venture is a private company and there was no quoted market price available for the investment.

Financial information of the joint venture

Summarised financial information of the joint venture of the Group is set out below, which represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRS Accounting Standards and adjusted by the Group for equity accounting purposes including any differences in accounting policies and fair value adjustments.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<u>Gross amount</u>		
Current assets	2,392	32,216
Current liabilities	<u>(48,268)</u>	<u>(32,416)</u>
Net Liabilities	<u>(45,876)</u>	<u>(200)</u>
Included in above:		
Cash and cash equivalents	1,376	13,697
Current financial liabilities	<u>(1,634)</u>	<u>(32,416)</u>
<u>Reconciliation</u>		
Gross amount of deficit	<u>(45,876)</u>	<u>(200)</u>
Group's ownership interests	<u>50%</u>	<u>50%</u>
Group's voting rights	<u>50%</u>	<u>50%</u>
Group's share of deficit	<u>–</u>	<u>–</u>
		Period from 25 October 2024 to 31 December 2024
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loss for the year/period	(46,294)	(196)
Other comprehensive income/loss	<u>618</u>	<u>(4)</u>
Total comprehensive loss	<u>(45,676)</u>	<u>(200)</u>
Group's ownership interests	<u>50%</u>	<u>50%</u>
Group's share of:		
Loss for the year/period	(23,147)	(98)
Other comprehensive income/(loss)	<u>309</u>	<u>(2)</u>
Total comprehensive loss	<u>(22,838)</u>	<u>(100)</u>

Unrecognised share of loss of the joint venture

The unrecognised share of loss of the joint venture for the current year and cumulatively up to the end of the Reporting Period amounted to approximately RMB22,838,000 (2024: RMB100,000) and approximately RMB22,938,000 (2024: RMB100,000), respectively.

Commitments

The Group has the following unrecognised commitments relating to its interest in a joint venture.

	2025	2024
	RMB'000	RMB'000
<i>Commitments to contribute funding or resources for:</i>		
Financial support if called	<u>19,211</u>	<u>32,410</u>

In December 2025, a joint venture of the Group commenced legal proceedings in the High Court of the Hong Kong Special Administrative Region against 3 defendants, including Asia Partners in relation to disputes arising from the joint venture. The claims mainly relate to (i) loss of income generated from the joint venture business; and (ii) excessive expenditure and costs incurred both as a result of the alleged wrongdoings of the defendants (the “**Alleged Acts**”). The quantified portion of the claim is approximately HKD12,142,000 (approximately RMB10,966,900), with further amounts to be assessed. At the date of approval of the consolidated financial statements, the legal proceedings are still ongoing. The Directors of the Company, with reference to the available independent legal advice, considers that it is premature to assess the likely outcome of the proceedings.

Due to the Alleged Acts of the defendants referred above and the resulting deterioration in the joint venture’s operations, the management of the Group has assessed the recoverable amount of its loan to the joint venture and determined that the loan to the joint venture is not recoverable. Accordingly, an impairment loss of approximately RMB44,377,000 has been recognised for the year ended 31 December 2025. Any potential recoveries from the legal proceedings will be recognised only when they become virtually certain.

12 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current portion		
Prepayments to suppliers	1,991	519
Other prepayments	1,034	501
Secured deposit (<i>Note</i>)	14,860	14,018
Other receivables	3,136	2,588
Deposits	334	505
Other tax receivables	—	1,001
	<u>21,355</u>	<u>19,132</u>
Less: Loss allowance	<u>(119)</u>	<u>—</u>
	<u><u>21,236</u></u>	<u><u>19,132</u></u>
Non-current portion		
Prepayments for acquisition of property, plant and equipment	<u><u>642</u></u>	<u><u>—</u></u>

Note : During the year ended 31 December 2024, the Group had provided a deposit of approximately RMB14,860,000 (2024: RMB14,018,000) for an IP merchandising business opportunity. The Group's ultimate holding company has fully undertaken the amount and agreed to indemnify against any losses related to the deposit which is denominated in Euro (“EUR”).

In October 2025, a wholly-owned subsidiary of the Group commenced legal proceedings in the High Court of the Hong Kong Special Administrative Region seeking recovery of the deposit against 2 defendants, including Asia Partners for breach of agreement. The defendants denied the claim and filed a counterclaim of EUR4,200,000. At the date of approval of the consolidated financial statements, the Directors of the Company, with reference to the available independent legal advice and based on the evidence currently available, consider that there are valid grounds for the claim and defence to counterclaim. At the date of this announcement, the proceedings are still ongoing.

At 31 December 2025 and 2024, the carrying amounts of prepayments, deposits and other receivables approximated their fair values.

The carrying amounts of the Group's prepayments, deposits and other receivables were denominated in the following currencies:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
RMB	3,440	1,852
HKD	3,510	3,262
EUR	14,860	14,018
The United States Dollar (“USD”)	<u>68</u>	<u>–</u>
	<u>21,878</u>	<u>19,132</u>

13 INVENTORIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Raw materials	9,958	10,928
Less: Allowance on inventories	<u>(6,742)</u>	<u>(5,636)</u>
	<u>3,216</u>	<u>5,292</u>

Allowance on inventories amounting to approximately RMB1,106,000 (2024: RMB1,115,000) was recognised in the consolidated income statement and included in cost of sales for the year ended 31 December 2025.

14 CONTRACT ASSETS, TRADE AND BILLS RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Contract assets	2,695	4,724
Less: Loss allowance on contract assets	<u>(22)</u>	<u>(47)</u>
Contract assets, net	<u>2,673</u>	<u>4,677</u>
Trade receivables	43,325	73,994
Bills receivables	225	353
Less: Loss allowance on trade receivables	<u>(2,479)</u>	<u>(2,343)</u>
Trade and bills receivables, net	<u>41,071</u>	<u>72,004</u>
	<u>43,744</u>	<u>76,681</u>

Contract assets represent the Group's rights to consideration for work completed but unbilled for its business. The contract assets are transferred to trade receivables when the rights become unconditional, which generally takes one to three months. The balances of contract assets fluctuated from year-to-year during the years ended 31 December 2025 and 2024 as the Group provided varying amounts of goods or services that were unbilled before the year-ends.

The Group grants credit up to 90 days (*2024: up to 90 days*) upon issuance of invoices.

Movements on the Group's loss allowance on contract assets are as follows:

	2025 RMB'000	2024 <i>RMB'000</i>
At 1 January	47	52
Loss allowance on a collective basis	12	29
Reversal of loss allowance	(37)	(34)
	<u>22</u>	<u>47</u>
At 31 December	<u>22</u>	<u>47</u>

Movements on the Group's loss allowance on trade receivables are as follows:

	2025 RMB'000	2024 <i>RMB'000</i>
At 1 January	2,343	3,372
Loss allowance on a collective basis	136	29
Reversal of loss allowance	-	(1,058)
	<u>2,479</u>	<u>2,343</u>
At 31 December	<u>2,479</u>	<u>2,343</u>

At 31 December 2025 and 2024, the ageing analysis of trade and bills receivables, based on invoice date, was as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
1 to 3 months	40,786	71,504
Over 3 months	2,764	2,843
	43,550	74,347
Less: Loss allowance on trade receivables	(2,479)	(2,343)
	41,071	72,004

The carrying amounts of the Group's contract assets, trade and bills receivables were denominated in the following currencies:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
RMB	6,873	12,200
USD	36,841	64,481
HKD	30	–
	43,744	76,681

The maximum exposure to credit risk at 31 December 2025 and 2024 was the carrying value of the receivables and contract assets mentioned above. The Group did not hold any collateral as security.

15 CONTRACT LIABILITIES, OTHER PAYABLES AND ACCRUALS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current portion		
Payables for acquisition of property, plant and equipment	2,056	2,413
Commission payables	1,923	3,761
Other payables	2,970	1,843
Accruals for auditor's remuneration	1,028	1,018
Accruals for employee benefit expenses	4,703	3,422
Accruals for professional fees	856	295
Other accruals	296	432
Other tax payables	1,088	–
Deposits received from customers	–	221
	<u>14,920</u>	<u>13,405</u>
Contract liabilities	<u>802</u>	<u>1,147</u>
	<u><u>15,722</u></u>	<u><u>14,552</u></u>
Non-current portion		
Other payables	<u><u>1,271</u></u>	<u><u>1,321</u></u>

At 31 December 2025 and 2024, the carrying amounts of the Group's other payables and accruals approximated their fair values.

The carrying amounts of the Group's contract liabilities, other payables and accruals were denominated in the following currencies:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
RMB	9,283	9,113
HKD	4,215	6,760
USD	<u>3,495</u>	<u>–</u>
	<u><u>16,993</u></u>	<u><u>15,873</u></u>

16 TRADE AND BILLS PAYABLES

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
Trade and bills payables			
Trade payables			
To related parties		1,077	269
To third parties		<u>60,416</u>	<u>80,633</u>
	<i>(a)</i>	61,493	80,902
Bills payables	<i>(b)</i>	<u>4,984</u>	<u>28,667</u>
		<u>66,477</u>	<u>109,569</u>

All of the trade and bills payables are expected to be settled within one year or repayable on demand.

(a) Trade payables

The trade payables are interest free and with normal credit terms up to 30 days (*2024: up to 30 days*).

(b) Bills payables

At 31 December 2025, the bills payables with maturity date within one year carry fixed interest rate at ranging from approximately 1.9% to 2.02% (*2024: 1.9%*) per annum. The bills payables are guaranteed by a related party which the family members of the Directors of the Company have control and/or significant influence over the related company.

At 31 December 2025 and 2024, the ageing analysis of trade and bills payables, based on invoice/issue date, was as follows:

	2025 RMB'000	2024 <i>RMB'000</i>
1 to 3 months	63,981	107,948
Over 3 months	<u>2,496</u>	<u>1,621</u>
	<u>66,477</u>	<u>109,569</u>

The carrying amounts of the Group's trade and bills payables were denominated in the following currencies:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
RMB	34,032	60,380
HKD	31	–
USD	<u>32,414</u>	<u>49,189</u>
	<u><u>66,477</u></u>	<u><u>109,569</u></u>

17 LOANS FROM ULTIMATE HOLDING COMPANY

At 31 December 2025, balances amounting to approximately RMB66,884,000 (2024: RMB50,138,000) are unsecured, fixed interest rate at ranging from approximately 5.7% to 6.5% per annum (31 December 2024: 6.5% per annum) and repayable on demand. The remaining balances are unsecured, non-interest bearing and repayable on demand. The amount represents advances to the Group for its working capital requirements.

At 31 December 2025 and 2024, the loans from ultimate holding company are denominated in HKD, except for the amount of approximately RMB14,860,000 (2024: RMB14,018,000) which is denominated in EUR.

The carrying amount of the loans from ultimate holding company approximated its fair value.

18 DIVIDEND

No dividend has been paid or declared by the Company during the years ended 31 December 2025 and 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

We are a long-established lace manufacturer and dyeing service provider. We are primarily engaged in three business segments: (i) lace and dyeing segment (including manufacturing of lace and provision of dyeing services); (ii) footwear segment and (iii) IP merchandise segment. For our lace and dyeing segment, we primarily manufacture and sell lace products to customers producing branded lingerie products on an order-by-order basis; and serve lace and swimwear manufacturers who provide their fabrics for dyeing before further fabrication. For our footwear segment, we oversee the design, research and development and sourcing of footwear. We create high-quality, innovative OEM and ODM footwear tailored to customer needs. The Group controls the footwear products before transferring to customers with experienced team, taking primary responsibility from product development, sales, order fulfillment, logistic management, quality control and inventory management, and setting prices. For our IP merchandise segment, we design, manufacture, promote and sell a diverse range of merchandise through various forms of cooperation with international and reputable IP partners. Investment and management of IP assets will continue to be pursued as one of the business focuses of the Group, encompassing a full-service chain from IP incubation and operation to commercial value development. Leveraging its supply chain sourcing capabilities, the Group promotes the coordinated development of the IP industry across the entire supply chain through process control and resource integration, fostering a next generation integrated IP operations model.

The Group's revenue slightly decreased by approximately 12.1% from approximately RMB584.5 million for the FY2024 to approximately RMB513.8 million for the Reporting Period, primarily attributable to the footwear business segment which accounted for approximately 83.4% of the total revenue (*2024: approximately 86.4%*). The modest decrease in footwear revenue was primarily due to the impact of U.S. reciprocal tariffs on footwear sales, which gradually emerged in the second half of the year. The Group recorded a net loss that increased from approximately RMB12.8 million for the FY2024 to approximately RMB98.3 million for the Reporting Period.

OUTLOOK AND BUSINESS STRATEGY

In the medium to long term, heightened environmental awareness and the steadfast pursuit of dual-carbon objectives are expected to drive increasingly stringent regulatory measures. The implementation of key policies – including the Draft of the Ecological and Environmental Code*, the Action Plan for Energy Conservation and Carbon Reduction (2024-25)*, the Guidelines to Comprehensively Promote the Development of a “Beautiful China”*, and the Comprehensive Implementation Plan for the Pollutant Discharge Permit System* – has significantly elevated environmental compliance requirements across industries. Facing these evolving regulatory pressures, the Group recognizes the challenges confronting its lace manufacturing and dyeing operations. To mitigate risks while maintaining operational viability, the Group is evaluating solutions that achieve both environmental compliance and cost efficiency. Concurrently, in view of the footwear division’s now constituting the majority of the Group’s revenue and the IP merchandise division’s demonstrable strong growth momentum and potential, the Group has initiated a strategic reallocation of resources, gradually reducing further resources in lace manufacturing and dyeing operations. This rebalancing aligns with market demand trends and strengthens the Group’s competitive position, with anticipated benefits to earnings quality and overall financial performance.

The imposition of additional United States tariffs on Chinese and Southeast Asian imports has prompted the Group to implement proactive trade strategy adjustments. While recent developments have seen a temporary relief, the Group remains vigilant and continues to engage in active negotiations with customers and suppliers to develop mutually beneficial solutions. While we are committed to maintaining strong relationships with our customers and suppliers through active collaboration, some partnerships may not continue without mutual agreement. To reduce geographic concentration risk and to benefit from the closer trade ties in the region, the Group is establishing manufacturing partnerships in Southeast Asia.

The Group is the sole financial investor of the CR7® LIFE Museum Hong Kong at K11 MUSEA which has officially opened on 7 July 2025. As a worldclass sporting and cultural landmark event, the CR7® LIFE Museum Hong Kong offers an immersive experience that showcases Cristiano Ronaldo’s life and career, making significant contributions to the development of Hong Kong’s sports tourism and cultural sectors. Cristiano Ronaldo personally visited the museum in August 2025, further elevating its prominence as a global attraction. The Group will keep the market informed upon the availability of further updates and as appropriate. Citizens and visitors are cordially invited to actively participate in and witness this historic occasion together.

For the year of 2025, the Company has experience in globally recognised IP projects, including the CR7® LIFE Museum Hong Kong, strategic participation in an exhibition featuring the IP of a popular Japanese animation series and licensed merchandise of the IP of a global streaming drama series. These strategic investments have strengthened the Group’s brand, diversified its product portfolio beyond footwear, and delivered significant gross margin expansion through premium licensing and co-branded offerings.

Building on these partnerships with established IPs, the Group has nurtured and scaled its proprietary brands, including 8 DEGREE NORTH and Bark n Bites, with several additional IPs now in the development pipeline, the Group aims to keep the momentum for year 2026. In addition to Group's proven supply-chain sourcing expertise and end-to-end production capabilities, the Group has now demonstrated the ability to source and manufacture a broad range of lifestyle and consumer products. By capitalising on these established IPs and its robust sourcing platform, the Group has substantially strengthened its 2026 project pipeline while simultaneously developing its own proprietary IP portfolio. These initiatives are expected to further broaden the product base, enrich the IP asset mix, and drive sustained improvements in both gross and net margins.

With a growing portfolio of higher-margin IP-driven products, the Group will allocate additional resources to expand distribution channels across both offline and online platforms. While the core footwear business has historically focused on business-to-business (“**B2B**”) channels, the new IP business was deliberately launched in a business-to-customer format to accelerate brand building in its initial phase. Plans are now in place to scale these IP-based products into B2B markets, creating multiple revenue streams and enhancing overall channel resilience.

In an era of rapid artificial intelligence (“**AI**”) advancement, the Group has observed accelerating adoption among peers and clients in key operational areas, including product design, inventory management, demand forecasting, supply-chain optimisation, and three-dimensional product sampling. This trend aligns closely with industry leaders that integrate AI across their supply chains, product design processes, and hyper-local demand forecasting to improve inventory efficiency and protect margins. Similarly, major enterprise technology providers have embedded advanced AI capabilities into their platforms to deliver predictive analytics, automation, and real-time insights that support enhanced operating margins and operational excellence.

The Group remains fully committed to investing in and strengthening its AI capabilities to support its expanding IP and product businesses. By incorporating these technologies, the Group aims to enhance design innovation, optimise sourcing and inventory decisions, and deliver greater efficiency – positioning itself for sustainable competitive advantage and margin accretion in the years ahead.

Going forward, the Group will maintain disciplined capital allocation while identifying value accretive growth opportunities. Operational priorities include continuous improvement of production efficiency, rigorous cost management, full compliance with environmental regulations, and enhancement of research and development capabilities alongside quality control systems and AI integration. These initiatives collectively support the Group's objectives of sustainable value creation for its shareholders and long-term competitiveness.

FINANCIAL REVIEW

Revenue

The Group derives its revenue from (i) dyeing services, (ii) manufacturing and sales of lace, (iii) footwear business and (iv) IP related merchandise.

Revenue by product types

Breakdown of the Group's revenue by product types is as follows:

	Year ended 31 December			
	2025		2024	
	<i>RMB'000</i>	<i>% of revenue</i>	<i>RMB'000</i>	<i>% of revenue</i>
Dyeing	<u>69,980</u>	<u>13.7</u>	<u>64,932</u>	<u>11.1</u>
Lace				
– High density	<u>8,735</u>	<u>1.7</u>	<u>10,210</u>	<u>1.8</u>
– Regular density	<u>2,650</u>	<u>0.5</u>	<u>4,211</u>	<u>0.7</u>
Sub-total	<u>11,385</u>	<u>2.2</u>	<u>14,421</u>	<u>2.5</u>
Footwear	<u>428,624</u>	<u>83.4</u>	<u>505,188</u>	<u>86.4</u>
IP related merchandise	<u>3,797</u>	<u>0.7</u>	<u>–</u>	<u>–</u>
Total	<u><u>513,786</u></u>	<u><u>100</u></u>	<u><u>584,541</u></u>	<u><u>100.0</u></u>

Revenue by operating geographical location

Breakdown of the Group's revenue by operating geographical location is as follows:

	Year ended 31 December			
	2025		2024	
	<i>RMB'000</i>	<i>% of revenue</i>	<i>RMB'000</i>	<i>% of revenue</i>
Chinese Mainland and Hong Kong	<u><u>513,786</u></u>	<u><u>100.0</u></u>	<u><u>584,541</u></u>	<u><u>100.0</u></u>

Dyeing

As mentioned earlier, the pace of market recovery has not met expectation. Although there has been an increase in customer orders during the Reporting Period, the demand of orders have still not yet returned to pre-pandemic levels. The Group's dyeing revenue increased by approximately 7.8% from approximately RMB64.9 million for the FY2024 to approximately RMB70.0 million for the Reporting Period, primarily driven by an immediate effect from some nearby factories' mismanagement or closures, redirecting orders to the Group.

Lace

The Group's lace products are classified into (i) regular density lace and (ii) high density lace. The lace revenue decreased by approximately 21.1% from approximately RMB14.4 million for the FY2024 to approximately RMB11.4 million for the Reporting Period for the reasons of intensive competition resulting in decrease of orders from customers.

Footwear

The Group recorded revenue from footwear business of approximately RMB428.6 million for the Reporting Period, representing a decrease of approximately 15.2% from approximately RMB505.2 million for the FY2024 primarily driven by the increasingly evident impact of the imposition of reciprocal tariffs of the US on the footwear sales in the second half of the year.

IP related merchandise

The Group's diverse range of IP related merchandise involves apparel, bags, accessories, pet-related products, and home décor. The Group recorded a revenue of approximately RMB3.8 million for the first phase of collaboration. The Group is confident in generating more revenue by introducing a second wave of merchandise.

Gross profit

The Group recorded a gross profit of approximately RMB53.0 million for the Reporting Period representing a decrease of approximately 7.8% from approximately RMB57.5 million for the FY2024, primary attributable to: (i) the increasing impact of the China-US trade tensions on the Group's footwear sales in the second half of the year; and (ii) the increased costs of lace and dyeing business form policies mandating the replacement of own in-house coal-fired boilers with centralized steam supply from a regional third-party supplier.

Other income

Other income increased by approximately 19.6% from approximately RMB1.8 million for the FY2024 to approximately RMB2.2 million for the Reporting Period, primarily attributable to the increase in the government grants.

Other (losses)/gains, net

Other (losses)/gains, net mainly represented differences arising from translation of the Group's foreign currency denominated transactions and balances-including revenue, expenses, assets and liabilities. The Group recorded other losses of approximately RMB1.5 million for the Reporting Period as compared to the other gains of approximately RMB2.1 million for the FY 2024, mainly due to (i) disposal loss incurred by strategic disposal of certain outdated and high-energy-consuming machines that do not fulfill environmental standards, and (ii) appreciation of RMB during the year.

Selling and distribution expenses

Selling and distribution expenses primarily consist of packaging expenses, commission and staff cost in relation to sales and marketing staff. Selling and distribution expenses decreased by approximately 27.1% from approximately RMB34.2 million for the FY2024 to approximately RMB24.9 million for the Reporting Period, which was due to successful negotiation in the reduction of commission rate.

Administrative expenses

Administrative expenses mainly consist of employment benefit expenses, professional fee, utilities, and office expenses. Administrative expenses increased by approximately 28.1% from approximately RMB39.5 million for the FY2024 to approximately RMB50.6 million for the Reporting Period mainly due to (i) the increase in number of top and senior staff and (ii) initial legal and consulting costs for different potential new projects.

Impairment loss on property, plant and equipment

The Group recorded an impairment loss on property, plant and equipment of approximately RMB30.0 million (*2024: RMB1.6 million*) for the Reporting Period mainly due to the impairment assessment result triggered by the business performance of the Lace and Dyeing Business falling below management's expectation. The situation has been further impacted by rising compliance costs stemming from intensified environmental regulations in the PRC on industrial emissions and energy utilisation. These policies mandate the phasing out of own in-house coal-fired boilers in favor of centralised steam supply from a regional third-party provider. The compulsory switch to third-party steam procurement has resulted in higher ongoing operational losses.

Impairment loss on interest in a joint venture

The Group recorded an impairment loss on interest in a joint venture of approximately RMB44.4 million (2024: nil) for the Reporting Period mainly due to (i) one-off installation cost incurred mainly in the first half of 2025 ahead of the CR7® LIFE Museum Hong Kong's opening in July 2025; (ii) upfront authorization fee of the CR7® LIFE Museum Hong Kong; (iii) the unexpectedly tepid visitor volume and performance of the CR7® LIFE Museum Hong Kong following the personal appearance of the international football star around whom the CR7® LIFE Museum Hong Kong is themed and (iv) Alleged Acts of the defendants and the resulting deterioration in the joint venture's operations. The management of the Group has assessed the recoverable amount of its loan to the joint venture and determined that the loan to the joint venture is not recoverable.

Finance (costs)/income, net

The Group recorded net finance costs of approximately RMB2.8 million for the Reporting Period as compared to the net finance income of approximately RMB0.2 million for the FY2024, primarily attributable to the increase in interest expenses on loans from ultimate holding company.

Taxation

Fujian Deyun Technology Co., Ltd.* (福建德運科技有限公司), which engaged in dyeing and lace business of the Group, is recognised as a High and New Technology Enterprise* (高新技術企業) and therefore entitled to a preferential tax rate of 15% for the FY2024 and for the Reporting Period. During the Reporting Period, Hong Kong Profits Tax has been provided at the rate of 8.25% to 16.5% on the estimated assessable profits. The income tax credit of the Group for the Reporting Period was approximately RMB1.0 million, as compared to the income tax credit of approximately RMB10,000 for the FY2024, mainly due to the loss-making position in the PRC and over-provision in the PRC Corporate Income Tax.

Net loss for the year

As a result of the above factors, the Group recorded a net loss of approximately RMB98.3 million for the Reporting Period as compared to a net loss of approximately RMB12.8 million for FY2024.

Dividend

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

* For identification purpose only

LIQUIDITY, CAPITAL RESOURCES AND GEARING

Net current assets

The Group had net current assets of approximately RMB147.6 million at 31 December 2025 (2024: RMB158.3 million). The current ratio of the Group maintained at approximately 1.9 times at 31 December 2025 and 2024. The decrease in net current assets and constant current ratio at 31 December 2025 was primarily attributable to the overall impact on (i) the decrease of trade and bills receivables, (ii) the increase in cash and cash equivalents, (iii) decrease in trade and bills payables and (iv) the increase in loans from ultimate holding company.

Cash and cash equivalents, borrowings and pledge of assets

The Group funds its business and working capital requirements by using a balanced mix of internal resources, borrowings and funds from listing. The Group will adjust its mix of funding mix depending on the costs of funding and its actual needs.

At 31 December 2025, the Group had cash and cash equivalents of approximately RMB243.4 million (2024: RMB231.9 million) and they were denominated in RMB, USD and HKD.

At 31 December 2025, the Group had borrowings of approximately RMB77.7 million (2024: RMB52.3 million).

At 31 December 2025 and 2024, the Group had no undrawn banking facilities.

At 31 December 2025 and 2024, the Group did not have any assets pledged as securities.

Gearing ratio

At 31 December 2025, the Group had a gearing ratio of 0.4 (2024: 0.2), calculated by dividing total debt (borrowings and lease liabilities) by total equity.

Capital structure

At 31 December 2025, the Company's issued share capital was HKD12,600,000 and the number of issued shares of the Company was 1,260,000,000 ordinary shares of HKD0.01 each.

Capital expenditure

For the Reporting Period, the Group incurred cash flows on capital expenditures for the purchase of properties, plant and equipment and intangible assets in the amount of approximately RMB6.0 million (2024: RMB1.7 million).

Foreign exchange risks and hedging

The majority of assets and liabilities of the Group are denominated in RMB, USD and HKD, and there are no significant assets and liabilities denominated in other currencies. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in a currency other than the respective functional currencies of the Group's entities. During the Reporting Period, the Group did not hedge its foreign currency exposure. The Group regularly monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CAPITAL COMMITMENTS

At 31 December 2025, the Group had capital commitments of approximately RMB19.2 million (*2024: RMB32.4 million*) and RMB0.9 million (*2024: RMB0.1 million*) in relation to the financial support to the joint venture and purchase of properties, plant and equipment respectively.

CONTINGENT LIABILITIES

Save as disclosed herein, the Group did not have any material contingent liabilities at 31 December 2025 and 2024.

EMPLOYEES AND REMUNERATION POLICY

The Group's employees are generally remunerated by way of fixed salary and they may also be entitled to a number of welfare benefits, including but not limited to job-nature based subsidy, performance-based bonus, paid leave and share options. The Group also make contributions to mandatory social security funds for its employees. The Group utilises an appraisal system for its employees and considers the appraisal results of individual employees when conducting their salary review and determining the amount of bonuses. To enhance the performance of the employees, the Group provides its employees with adequate and regular trainings.

At 31 December 2025, the Group had 485 employees (*2024: 512 employees*) and the Group's total employee benefit expenses (including Directors' emoluments) for the Reporting Period amounted to approximately RMB60.8 million (*2024: RMB54.0 million*).

DEFINED CONTRIBUTION SCHEMES

The employees of the Group's subsidiaries established in the PRC are required to participate in a state-managed retirement benefit scheme operated by the PRC government (the "**Retirement Benefit Scheme**"). The Group is required to contribute a certain percentage of basic payroll costs to the Retirement Benefit Scheme.

The Group joined a Mandatory Provident Fund Scheme (the “**MPF Scheme**”) for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules.

The Group’s contributions to the Retirement Benefit Scheme and the MPF Scheme (the “**Defined Contribution Schemes**”) vest fully and immediately with the employees. Accordingly, (i) for the Reporting Period, there was no forfeiture of contributions under the Defined Contribution Schemes; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the Defined Contribution Schemes at 31 December 2025. The contributions are charged to profit or loss as they become payable in accordance with the rules of the Defined Contribution Schemes.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed herein, the Group did not have any significant investments, material acquisitions and disposals during the Reporting Period.

FUTURE PLANS FOR MAJOR INVESTMENT

The Group had no specific plan for major investment or acquisition for major capital assets or other businesses at the date of this announcement. However, the Group will continue to identify new opportunities for business development.

SHARE OPTION SCHEMES

To comply with the latest requirements under Chapter 17 of the Listing Rules, the Company adopted a new share option scheme (the “**Share Option Scheme**”), which was approved by the Shareholders at the Company’s extraordinary general meeting (the “**EGM**”) held on 19 December 2025 (the “**Adoption Date**”), and became effective on 22 December 2025.

Upon adoption of the Share Option Scheme, the share option scheme conditionally adopted by the Company on 15 December 2020 and became effective on 13 January 2021 (the “**Old Share Option Scheme**”) was terminated on 22 December 2025.

Old Share Option Scheme

The Old Share Option Scheme was adopted on 15 December 2020 and became effective on 13 January 2021, and was terminated on 22 December 2025. No share options had been granted, exercised, cancelled or lapsed under the Old Share Option Scheme during the period from 1 January 2025 to its termination on 22 December 2025. There were no outstanding options under the Old Share Option Scheme at 1 January 2025 and 31 December 2025.

At 1 January 2025, the total number of shares available for issue under the Old Share Option Scheme was 126,000,000, representing 10% of the issued share capital (excluding treasury shares) of the Company at the date of adoption, and no options were available for grant following the termination of the Old Option Scheme.

Share Option Scheme

The Share Option Scheme was approved by the Shareholders at the EGM and became effective on 22 December 2025.

The purpose of the Share Option Scheme is to (a) recognise and acknowledge the contributions that employee participants (the “**Participants**”) have or may have made or may make to any member(s) of the Group (whether directly or indirectly); (b) attract, retain and motivate Participants to strive for future developments and expansion of the Group; (c) enhance the Group’s business and employees relationship; and/or (d) provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants.

The Share Option Scheme remains valid for a period of ten years commencing on the Adoption Date. At 31 December 2025 and the date of this announcement, no share options had been granted or agreed to be granted under the Share Option Scheme. As a result, the total number of shares available for issue under the Share Option Scheme at the date of this announcement was 125,977,000, representing 10% of the issued share capital (excluding treasury shares) of the Company.

CLOSURE OF THE REGISTER OF MEMBERS

For the purposes of determining the shareholders' eligibility to attend and vote at the forthcoming annual general meeting to be held on 22 May 2026 (Friday), the register of members of the Company will be closed from 19 May 2026 (Tuesday) to 22 May 2026 (Friday), both days inclusive. The latest time to lodge transfer documents for registration will be at 4:30 p.m. on 18 May 2026 (Monday). During the above closure period, no transfer of shares will be registered. To be eligible to attend and vote at the forthcoming annual general meeting, 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, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong before 4:30 p.m. on 18 May 2026 (Monday).

CORPORATE GOVERNANCE

The Board recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of its shareholders as a whole. The Company has adopted a set of corporate governance practices which aligns with the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 of the Listing Rules. The Company has complied with the code provisions set out in the CG Code for the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted codes of conduct regarding securities transactions by Directors and by relevant employees (as defined in the CG Code) on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as mentioned in Appendix C3 to the Listing Rules.

All Directors have confirmed that, following specific enquiry by the Company, they have complied with the required standards set out in the Model Code and the Company's code of conduct regarding the Directors' securities transactions during the Reporting Period.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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) during the Reporting Period.

Share Repurchase after the Reporting Period

At the annual general meeting (the "AGM") on 23 May 2025, the Company's shareholders granted a general mandate to the Directors of the Company to repurchase Shares of the Company (the "Repurchase Mandate"). Pursuant to the Repurchase Mandate, the Company is allowed to repurchase up to 10% of the total number of issued shares of the Company at the date of the AGM.

Subsequently after the Reporting Period and up to the date of this announcement (the "Subsequent Period"), the Company repurchased, under the Repurchase Mandate, a total of 230,000 shares on the Hong Kong Stock Exchange, representing approximately 0.018% of the total issued shares (i.e. 1,260,000,000 shares) at the date of this announcement, with the aggregate consideration paid (excluding transaction cost) amounting to approximately HK\$1.65 million which was paid out from the Company's retained profits. All Shares repurchased during the Subsequent Period were held as treasury Shares. At the date of this announcement, no treasury shares have been resold and accordingly, there were 230,000 shares held by the Company in treasury.

Details of the shares repurchased during the Subsequent Period are as follows:

Month	Number of shares repurchased	Purchase price paid per share		Aggregate Consideration (excluding transaction cost) (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
January 2026	230,000	7.48	7.00	1,650,250

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, at the date of this announcement, the Company has maintained the public float as required under the Listing Rules.

AUDIT COMMITTEE

The Group established an audit committee (the “**Audit Committee**”) on 16 December 2020 with written terms of reference in compliance. The terms of reference of the Audit Committee were reviewed and updated during the year and are available on the websites of the Stock Exchange and the Company.

The Audit Committee consists of three independent non-executive Directors, namely Mr. Chow Kit Ting (Chairman), Dr. Chiu Kwok Hung, Justin and Mr. Mak Ming Hoi.

The Audit Committee has reviewed the consolidated financial statements of the Company for the Reporting Period together with the management of the Company, including accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters.

SCOPE OF WORK OF FORVIS MAZARS CPA LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated income statement, consolidated statement of 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, Forvis Mazars CPA Limited, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by Forvis Mazars CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Forvis Mazars CPA Limited in this announcement.

EVENT AFTER THE REPORTING PERIOD

Save as disclosed above, the Group does not have any important events after the Reporting Period and up to the date of this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkex.com.hk) and the Company’s website (www.starshineholdings.com). The annual report of the Company for the Reporting Period will be dispatched to shareholders of the Company and published on the aforesaid websites in due course.

APPRECIATION

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our shareholders, customers, suppliers, bankers and other business associates for their trust and support.

By order of the Board
STAR SHINE HOLDINGS GROUP LIMITED
Tsoi Wing Sing
Chairman

Hong Kong, 30 March 2026

At the date of this announcement, the Board comprises of Mr. Tsoi Wing Sing, Mr. Lin Minqiang, Mr. Larry Stuart Torchin, and Ms. Tsoi Lam Ki as executive Directors, and Mr. Chow Kit Ting, Dr. Chiu Kwok Hung, Justin, and Mr. Mak Ming Hoi as independent non-executive Directors.