

Haina Intelligent Equipment International Holdings Limited 海納智能裝備國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1645



2025
Annual Report

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Hong Yiyuan (*Chairman and Chief Executive Officer*)
Mr. Zhang Zhixiong
Mr. Su Chengya
Mr. He Ziping

Non-Executive Director

Mr. Chang Chi Hsung

Independent Non-Executive Directors

Mr. Chan Ming Kit
Dr. Wang Fengxiang (resigned on 9 April 2025)
Ms. Chan Man Yi
Dr. Xia Anjun (appointed on 9 April 2025)

AUDIT COMMITTEE

Ms. Chan Man Yi (*Chairman of the Committee*)
Mr. Chang Chi Hsung
Dr. Wang Fengxiang (resigned on 9 April 2025)
Mr. Chan Ming Kit
Dr. Xia Anjun (appointed on 9 April 2025)

REMUNERATION COMMITTEE

Mr. Chan Ming Kit (*Chairman of the Committee*)
Mr. Hong Yiyuan
Mr. Zhang Zhixiong
Dr. Wang Fengxiang (resigned on 9 April 2025)
Ms. Chan Man Yi
Dr. Xia Anjun (appointed on 9 April 2025)

NOMINATION COMMITTEE

Mr. Hong Yiyuan (*Chairman of the Committee*)
Mr. Chan Ming Kit
Ms. Chan Man Yi
Dr. Wang Fengxiang (resigned on 9 April 2025)
Dr. Xia Anjun (appointed on 9 April 2025)

AUTHORIZED REPRESENTATIVES

Mr. Hong Yiyuan
Mr. Lau Wai Piu Patrick

COMPANY SECRETARY

Mr. Lau Wai Piu Patrick

AUDITOR

Forvis Mazars CPA Limited
Certified Public Accountants, Hong Kong
Registered Public Interest Entity Auditor, Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

222 Qiantong Road
Anhai Town
Jinjiang City
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 707-709, 7/F.
12 Taikoo Wan Road
Taikoo Shing
Quarry Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

CORPORATE INFORMATION

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Industrial Bank Co., Ltd., Jinjiang Anhai Branch
Industrial and Commercial Bank of China Limited
Jinjiang Branch

STOCK CODE

1645

WEBSITE

www.haina-intelligent.com



CHAIRMAN'S STATEMENT

Dear shareholders, partners and investors,

Being entrusted by the board of the directors (the **"Board"**) of Haina Intelligent Equipment International Holdings Limited (**"Haina Intelligent"**, together with its subsidiaries, the **"Group"**) (01645.HK), I am pleased to present the annual report and audited financial statements of Haina Intelligent for the year ended 31 December 2025 (the **"Year"**).

The Group is an established manufacturer engaging in the design and production of automated machines for manufacturing disposable hygiene products including baby diapers, adult diapers, lady sanitary napkins and wet wipe in the People's Republic of China (**"PRC"**).

Facing a complex and challenging external environment, the PRC economy continued to advance under pressure. In 2025, China's gross domestic product exceeded RMB140 trillion for the first time, representing a year-on-year growth of 5%, with economic performance demonstrating notable characteristics of stability, progress, innovation, and resilience. Benefiting from the dual drivers of the "trade-in" policy (including intensified efforts to promote equipment upgrades and expanding support for the trade-in of consumer goods) and large-scale fiscal subsidies, consumption recovery strengthened significantly during the Year. Despite persistent global challenges such as geopolitical risks, supply chain volatility, and inflationary pressure, the Group leveraged its solid technological innovation capabilities, comprehensive industrial chain integration strengths, and flexible market development capabilities to achieve steady growth in a highly complex market environment. From technological breakthroughs to full-chain collaboration, and from domestic leadership to global deployment, Haina Intelligent, driven by continuous innovation, is leading the transformation and upgrading of the traditional manufacturing industry within the intelligent equipment sector.

For the Year, the Group owned two production bases in the PRC, namely the Jinjiang production base (the **"Jinjiang Production Base"**) and the Hangzhou production base (the **"Hangzhou Production Base"**), with a total floor area of 150,123.09 square meters. The Jinjiang Production Base has a total construction area of 72,581.91 square meters, while the Hangzhou Production Base has a total construction area of 77,541.18 square meters, of which approximately 32,126.65 square meters are self-used and the remaining portion is planned to be leased out externally. The Group operated 18 and 9 production lines at the Jinjiang Production Base and the Hangzhou Production Base respectively, and responsible for the assembly of components and parts for automated machinery for disposable hygiene products, with the remaining relevant components and parts mainly sourced from third-party suppliers.



CHAIRMAN'S STATEMENT

During the Year, the Group recorded total revenue of approximately RMB490.8 million, and the total number of machines sold reached 57 units, representing an increase of approximately 32.8% compared with the year ended 31 December 2024 (the “**Prior Year**”). The Group also recorded a profit after tax of approximately RMB19.1 million. The Board does not recommend the distribution of a dividend for the Year. With the accelerating intelligent transformation of the manufacturing industry and the growing implementation of Industry 4.0, smart manufacturing, automation and digital solutions have become key factors for enterprises to enhance their competitiveness. During the Year, the Group continued to extend its focus on the flexible material and intelligent equipment manufacturing sector. At the same time, the Group plans to strengthen its overseas presence. Although the Group's primary customer base remained concentrated in the domestic market of the PRC, accompanying demand for intelligent equipment continuing to grow in the PRC, South Asia and South America, meanwhile overseas markets acting as major destinations for global manufacturing relocation. As such, the Group intends to further increase investments and strategic deployment in overseas markets, with the aim of successfully exploring new customers, achieving sales growth and further enhancing market penetration. During the Year, the Group's sales network extended to 20 overseas countries.

During the Year, the Group held a total of 167 patents in the PRC. Leveraging our strengths in proprietary research and development (“**R&D**”) and specialized manufacturing capabilities, particularly through continued expansion of investments in automated equipment, the Group continued to promote product upgrades and technological innovation in the fields of intelligent and green manufacturing and achieved several key technological breakthroughs. For example, the Group developed a high-speed intelligent multi-head ultrasonic menstrual pants production line, with the output capacity for size M successfully increasing from 350 pieces per minute to 500 pieces per minute, representing an improvement in production efficiency of nearly 50%, while energy consumption is also expected to decrease by nearly 50%. These advancements further consolidated the Group's technological leading position in the global market.

As a responsible enterprise, Haina Intelligent continues to regard sustainable development as one of its core strategies. During the Year, the Group achieved notable progress in the technological field, including the continuous introduction of high-speed intelligent equipment to meet customers' needs for reducing carbon emissions during production, while also actively promoting the establishment of green factories and enhancing its digital and green transformation.



CHAIRMAN'S STATEMENT

GOING FORWARD

Looking ahead to 2026, the global economy will continue to face multiple uncertainties; however, the outlook for the disposable hygiene products industry remains promising. Driven by accelerated population aging, continuous intelligent innovation upgrades, and rising hygiene awareness, the market is expected to sustain growth in consumer demand for environmentally friendly and innovative disposable hygiene products. This trend is especially notable in emerging markets, where rising consumer spending and accelerating urbanization contribute to particularly significant growth potential for the industry.

The Group will focus on the following development strategies:

1. Continuous technological innovation and upgrades in intelligent manufacturing

In June 2022, the Group successfully acquired a parcel of land located in Tonglin Village, Anhai Town, Fujian Province, the PRC, for the establishment of a new research and development and production centre (the “**R&D Centre**”). The construction of the R&D Centre has been completed and is commencing to official operation in the first quarter of 2026. Upon its commissioning, the R&D Centre will accommodate the relocation of the Group's existing R&D activities, undertake technological development of key components, and provide product development support for the “Haina Machinery” brand. In the Prior Year, the Group purchased precision equipment to enhance its R&D capabilities, with related expenditures amounting to approximately RMB16.2 million, all of which were fully funded by internal resources. As at the date hereof, the R&D Centre has been equipped with eight high-precision machines, with related expenditures of approximately RMB8.7 million, thereby further optimizing production line configuration and elevating the Group's level of intelligent manufacturing. These initiatives are expected to significantly enhance R&D efficiency, accelerate the technological upgrade of key component industries, and drive technological transformation. Meanwhile, they will also expedite product production turnover processes, thereby further improving overall operational efficiency.

2. Enhancing production capacity and supply chain flexibility to deliver comprehensive solutions to customers

The Group's dual-base construction has achieved substantial progress. The Hangzhou Production Base has been fully commissioned, resulting in a significant improvement in annual production capacity and delivery capability for high-end equipment compared to previous years. Meanwhile, the Jinjiang Production Base, through automation upgrades and optimisation of its lean management system, will continue to drive technological iteration and innovative enhancements, and is expected to achieve another breakthrough in annual production capacity.

CHAIRMAN'S STATEMENT

To effectively address customer needs, the Group has launched a “customisation and full life-cycle service” system that covers the entire process, “preliminary demand research, solution design, equipment installation and commissioning, after-sales maintenance, upgrades, and transformation”. This provides customers with one-stop intelligent equipment solutions. The synergies between the two production bases will continue to strengthen, resulting in a shortened average equipment delivery lead time. Meanwhile, the Group's remote operation and maintenance system now fully covers all overseas equipment in operation, enabling the provision of maintenance services through remote technologies to swiftly resolve technical issues for customers, thereby reducing equipment downtime. Enhancements in remote-office technologies and the use of virtual meeting platforms have also reduced the need for business travel, supporting cost control and improving working efficiency. Going forward, the Group will continue to strengthen the development of its remote operation and maintenance system and further leverage artificial intelligence technologies to provide customers with faster and more precise troubleshooting solutions.

In addition, through its subsidiaries, the Group has implemented a vertical integration strategy, significantly increasing the in-house production rate of core components and effectively shortening procurement lead times. Looking ahead in the area of green manufacturing, the Group will invest in photovoltaic power generation systems to fully meet the electricity demand of its plants and significantly reduce energy consumption per unit of output value.

3. Advancing globalisation with a platform-based strategy and achieving continuous breakthroughs in overseas market expansion

The Group continued to strengthen its global platform-based strategy and achieved further breakthroughs in overseas markets. Emerging markets, such as Asia, Africa, and South America, remain key growth engines for the Group's business. Looking ahead, the Group will increase devoting resource in these regions, offering competitive products and solutions tailored to meet the precise needs of customers. In high-end markets such as Europe and the United States, the Group will introduce high-performance intelligent equipment to address the growing demand for premium-quality products. During the Year, the Group strengthened brand visibility and market penetration by placing advertisements across major media platforms both domestically and internationally, as well as by participating in large-scale international exhibitions. Meanwhile, the Group continued to advance its strategic and organisational upgrade initiatives, enabling more precise positioning of its products, markets, and customer segments. These initiatives aim to achieve technological breakthroughs, unlock new business and capture growth opportunities, with market share, product quality, and brand influence serving as the core driving forces. Going forward, the Group will continue to expand its presence in the PRC market while actively exploring emerging global economies, to safeguard its overseas market share and drive coordinated growth across domestic and international operations.

CHAIRMAN'S STATEMENT

4. Deepening technological innovation and introducing AI technologies to drive the upgrading of next-generation intelligent equipment

The Group plans to adopt artificial intelligence (AI) technologies to achieve deep integration of perception and execution. We will continue to strengthen the R&D and application of AI technologies, thereby facilitating the digitalisation and automation upgrades of our products and enhancing our capability to deliver customised solutions in response to the diverse needs of global markets. Looking ahead, we will focus on establishing a closed-loop system encompassing “perception–decision–execution”, accelerate the deep convergence of AI and unmanned technologies, and build a new generation of intelligent equipment systems.

5. Risks and challenges

While the prospects remain encouraging, the Group is acutely aware that the year 2026 will continue to present multiple challenges, and thus will establish a comprehensive risk-response mechanism. Global economic uncertainties, fluctuations in raw material prices, and pressures faced by the supply chain may pose potential impacts on the Group's operations. In view of this, the Group will continue to strengthen its risk-management mechanisms, refine its supply chain layout, and enhance operational efficiency to ensure the achievement of steady and sustainable business growth. With respect to the risk-management system, the principal measures include: (a) foreign exchange risk hedging, whereby forward contracts will be used to lock in foreign-exchange exposure; (b) enhancing supply chain resilience by maintaining safety stock for key components and establishing dual-sourcing mechanisms; and (c) implementing strategies to respond to risks associated with technological iteration.

Finally, on behalf of the Board, I would like to extend my heartfelt gratitude to all shareholders, customers, partners, and employees. It is your trust and support that have enabled the Group to move forward steadily in a complex and ever-changing market environment. Looking ahead, we will continue to uphold the principles of innovation-driven growth and customer-centricity to achieve even greater success and brilliance.

Mr. Hong Yiyuan
Chairman of the Board

27 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

REVENUE

By type of products:

	<i>Units</i>	2025 <i>RMB'000</i>	<i>%</i>	<i>Units</i>	2024 <i>RMB'000</i>	<i>%</i>
Baby diaper machines	29	214,294	44	27	175,896	43
Adult diaper machines	14	176,386	36	15	115,771	33
Lady sanitary napkin machines	8	50,124	10	8	31,724	11
Wet wipe machines	6	4,136	1	9	7,386	2
Components and parts	N/A	45,831	9	N/A	38,880	11
	57	490,771	100	59	369,657	100

The Group's revenue increased by approximately RMB121.1 million (or 32.8%) from approximately RMB369.7 million for the Prior Year to approximately RMB490.8 million for the Year. This was mainly due to the increase in sales of baby diaper machines (approximately RMB38.4 million), adult diaper machines (approximately RMB60.6 million), lady sanitary napkin machines (approximately RMB18.4 million), and components and parts (approximately RMB7.0 million). The increase was partially offset by the decrease in sales of wet wipe machines (approximately RMB3.3 million).

As at 31 December 2025, the Group entered into sales contracts with its customers for the sales and purchase of 30 units of baby diaper machines, 5 units of adult diaper machines, 4 units of lady sanitary napkin machines, 1 unit of under-pad machine, and 2 units of wet wipe machines with aggregate contract values of approximately RMB314.2 million, RMB65.9 million, RMB19.6 million, RMB6.2 million and RMB1.7 million, respectively. Subsequent to the Year and up to the date of this annual report, the Group has further entered into sales contracts with its customers for the sales and purchase of 4 units of baby diaper machines and 2 units of adult diaper machine with aggregate contract values of approximately RMB33.0 million and RMB23.3 million, respectively. The machines under these contracts are expected to be delivered during the year of 2026.

GROSS PROFIT AND GROSS PROFIT MARGIN

The gross profit of the Group increased by approximately RMB62.5 million from approximately RMB52.0 million for the Prior Year to approximately RMB114.5 million for the Year. The gross profit margin for the Year increased by approximately 9.2 percentage points, from approximately 14.1% for the Prior Year to approximately 23.3% for the Year. The increases in both gross profit and gross profit margin were mainly due to the enhancement in product configurations leading to an increase in the average selling price.

MANAGEMENT DISCUSSION AND ANALYSIS

OTHER INCOME

The other income mainly comprised government grants, write-back of other payables, net exchange gain, bank interest income, income from the sale of scrap materials, and insurance compensation income. The government grants mainly refer to the government grants provided by government authorities of Fujian Province, such as Jinjiang Finance Bureau and Jinjiang Bureau of Economy and Information Technology, which are unconditional and at the discretion of the relevant authorities. All the government grants received during the Year and/or the Prior Year were one-off and unconditional. The other income decreased from approximately RMB10.5 million for the Prior Year by approximately RMB3.1 million or approximately 29.5% to approximately RMB7.4 million for the Year. The decrease was mainly due to the reduction in bond interest income and net exchange gain for the Year.

SELLING AND DISTRIBUTION COSTS

The selling and distribution costs mainly comprised expenses incurred for business trips and entertainment, depreciation, promotional expenses, and repair costs. The selling and distribution costs increased by approximately RMB13.8 million or 65.7% from approximately RMB21.0 million for the Prior Year to approximately RMB34.8 million for the Year. The increase was mainly due to the increase in advertisement expenses and consultancy fees during the Year.

ADMINISTRATIVE EXPENSES AND OTHER OPERATING EXPENSES

The administrative and other operating expenses mainly comprised research and development expenses, staff costs, depreciation, amortisation, and donations. The administrative and other operating expenses increased by approximately RMB3.6 million or 5.5% from approximately RMB65.1 million for the Prior Year to approximately RMB68.7 million for the Year. The increase was mainly due to the increase in professional consultancy service fees during the Year.

FINANCE COSTS

For the Year, finance costs were approximately RMB3.2 million, which increased by approximately 100.0% as compared with the Prior Year (approximately RMB1.6 million). The increase was mainly due to an increase in interest on bank borrowings.

INCOME TAX EXPENSE

Income tax expense increased from approximately RMB12,000 for the Prior Year to approximately RMB0.7 million for the Year. The increase was mainly due to the increase in taxable profits of the Group's operating subsidiaries in the PRC for the Year.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Group recorded a profit attributable to owners of the Company of approximately RMB21.8 million for the Year (Prior Year: loss attributable to owners of the Company of approximately RMB38.1 million). The increase in profit attributable to owners of the Company for the Year was mainly due to the increase in gross profit as mentioned above.

MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDEND

The Board has resolved not to declare a final dividend for the Year.

LIQUIDITY AND FINANCIAL RESOURCES

During the Year, the Group's working capital was mainly financed by internal resources and interest-bearing borrowings. The current ratio of the Group, which is calculated based on the current assets divided by current liabilities, was approximately 0.7 times as at 31 December 2025 (31 December 2024: approximately 0.7 times). The Group generally financed its daily operations from cash flows generated internally.

Up to the date of this report, outstanding trade receivables of approximately RMB20.9 million as at 31 December 2025 had subsequently been settled.

FINANCIAL POLICIES

The Group is exposed to liquidity risk in respect of settlement of its trade and other payables, bank borrowings and financing obligations, and also in respect of its cash flow management. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

CAPITAL STRUCTURE

As at 31 December 2025, the capital structure of the Group consisted of equity of approximately RMB288.1 million (31 December 2024: approximately RMB266.0 million) and bank borrowings of approximately RMB354.4 million (31 December 2024: approximately RMB281.0 million), as more particularly described in the paragraph headed "Borrowings" below.

BORROWINGS

As at 31 December 2025, the Group had bank loans of approximately RMB354.4 million (31 December 2024: approximately RMB281.0 million).

For further details of the borrowings, please refer to note 26 to the consolidated financial statements.

GEARING RATIO

The Group's gearing ratio, which is calculated based on the total interest-bearing liabilities (defined as the sum of bank loans and lease liabilities) divided by the total equity as at the respective year end, was approximately 124.1% as at 31 December 2025 (31 December 2024: approximately 109.0%).

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENT

As at 31 December 2025 and 2024, the Group had the following capital expenditure commitments:

	At 31 December 2025 RMB'000	At 31 December 2024 RMB'000
Contracted but not provided net of deposit paid for		
– Construction in progress	10,576	61,261
– Development of intangible assets*	–	27,679
	10,576	88,940

* Regarding developing "5G+ Intelligent Platform for Equipment Operation and Maintenance Services", the first phase of software system deployment has been completed as at 31 December 2024. As the platform application failed to meet the mutual expectations, the project was suspended in 2024. On 10 November 2025, through a civil mediation conducted by the Jinjiang People's Court of Fujian Province, both parties confirmed the termination of the undeveloped portion of the platform.

CONTINGENT LIABILITIES

Save as disclosed elsewhere in this annual report, the Group had no material contingent liabilities as at 31 December 2025 (31 December 2024: nil).

FOREIGN EXCHANGE RISK MANAGEMENT

The Group's monetary assets, liabilities and transactions are principally denominated in Renminbi, Hong Kong dollars and United States dollars. The Group has not experienced any difficulties or effects on its operations or liquidity as a result of the fluctuations in currency exchange rates during the Year. The Group did not enter into any foreign exchange derivative contract to manage the currency translation risk of Renminbi against United States dollars and Hong Kong dollars during the Year, but the Group will continue to review its foreign exchange exposure regularly and might consider using financial instruments to hedge against foreign exchange exposure at appropriate time.

As at 31 December 2025 and 31 December 2024, the Group had not entered any financial instrument for hedging against foreign exchange risk.

HUMAN RESOURCES

The Group has employed a total of approximately 500 employees as at 31 December 2025 (31 December 2024: approximately 514 employees) in Hong Kong and the PRC. Staff costs (including Directors' emoluments) amounted to approximately RMB78.6 million for the Year (Prior Year: approximately RMB72.0 million). The remuneration was determined based on the performance and professional experience of employees as well as the prevailing market conditions. The management will regularly review the remuneration policy and arrangement of the Group. In addition to pension, the Group will also distribute discretionary bonus to them as incentives according to their performance. The Group recruits and selects candidates on the basis of their qualifications and suitability for the position. It is the Group's policy to recruit the most capable person available for each position.

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGES ON GROUP'S ASSETS

Save as disclosed in notes 24(b) and 26 to the consolidated financial statements, no assets of the Group were pledged as at 31 December 2025.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND DISPOSALS

On 10 November 2025, the Group entered into a share transfer agreement to dispose of its 55% equity interests in Aopusi Intelligent Packaging System (Foshan) Co., Ltd. ("**Aopusi**"), a non-wholly owned subsidiary of the Group, to the non-controlling shareholder of Aopusi without any consideration (the "**Disposal**"). On 25 November 2025, the Disposal was completed.

Save as disclosed above, the Group did not have significant investments and material acquisitions and disposals during the Year.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

In June 2022, the Group successfully acquired a parcel of land located in Tonglin Village, Anhai Town, Fujian Province, the PRC. The research and development centre (the "**R&D Centre**") on this land has been constructed and completed, and is commencing to operation in the first quarter of 2026. Upon completion, the R&D Centre will accommodate the relocation of existing R&D activities, undertake key technological research on core components, and provide product development support for products under the "Haina Machinery" brand. In previous years, the Group had purchased precision equipment to strengthen its R&D capabilities, with related expenditures amounting to approximately RMB16.2 million, all of which were funded by internal resources. Currently, the R&D Centre has been equipped with 8 sets of high-precision equipment, with related expenditures amounting to approximately RMB8.7 million, further enhancing the Group's production line layout and smart manufacturing capabilities. These initiatives will effectively improve R&D efficiency, accelerate technological upgrades of key component industries, and drive technological transformation; at the same time, they will expedite the product production turnover process, thereby further improving overall operational efficiency.

The Group has achieved substantial progress in the development of its two bases. The Hangzhou Production Base has been fully put into operation, significantly enhancing annual production capacity and delivery capability for high-end equipment compared with prior years. The Jinjiang Production Base, through automation upgrades and optimisation of a lean management system, will continue to drive technological iteration and innovation upgrades, and is expected to achieve further breakthroughs in annual production capacity.

Save as the above and the matters disclosed in this annual report, the Group currently has no plan for material investments and capital assets.

EVENT AFTER THE REPORTING PERIOD

Save as disclosed in this annual report, there are no significant events affecting the Group which have occurred after the Year and up to the date of this annual report.

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTISES

The Company is dedicated to maintaining and ensuring high standards of corporate governance practices and the corporate governance principles of the Company are adopted in the interest of the Company and its shareholders (the “Shareholders”).

Save as disclosed below, the Company has complied with the applicable code provisions of the Corporate Governance Code (the “CG Code”) as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) during the Year.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Hong Yiyuan, the chairman of the Board and the chief executive officer of the Company, currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

CORPORATE CULTURE

A positive and progressive corporate culture across the Group is vital for the Company to achieve its purpose towards the sustainable growth. It is the role of the Board to foster the Group’s corporate culture with the core principles of integrity and accountability to guide the behaviors of its employees and ensure that the Company’s purpose, values and business strategies are aligned to it.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix C3 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Upon specific enquiries made by the Company, all Directors have confirmed that they have fully complied with the required standards as set out in the Model Code during the Year.

BOARD OF DIRECTORS

Composition

The Directors who hold office during the Year and as at the date of this annual report are as follows:–

Executive Directors

Mr. Hong Yiyuan (*Chairman and Chief Executive Officer*)
Mr. Zhang Zhixiong
Mr. Su Chengya
Mr. He Ziping

CORPORATE GOVERNANCE REPORT

Non-Executive Director

Mr. Chang Chi Hsung

Independent Non-Executive Directors

Mr. Chan Ming Kit

Dr. Wang Fengxiang (resigned on 9 April 2025)

Ms. Chan Man Yi

Dr. Xia Anjun (appointed on 9 April 2025)

Dr. Xia Anjun, who was appointed to the Board as an independent non-executive Director with effect from 9 April 2025, obtained the legal advice from a firm of solicitors qualified to advise on Hong Kong law referred to in Rule 3.09D of the Listing Rules on 8 April 2025. He had confirmed that he understood his obligations as the Director, the requirements under the Listing Rules that are applicable to them as the Directors and the possible consequences of making a false declaration or giving false information to the Stock Exchange.

The biographical details of the Directors are set out in the section headed “Biographical Details of Directors and Senior Management” on pages 27 to 31 of this annual report. Save as disclosed therein and in the section headed “Substantial Shareholders Interests” in “Report of the Directors” of this annual report. There is no relationship (including financial, business, family or other material or relevant relationships) amongst members of the Board.

During the Year, the Board has all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise, and independent non-executive Directors representing at least one-third of the Board.

All the independent non-executive Directors meet the requirements of independence under the Listing Rules. The Company received from each of the independent non-executive Directors the annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers each of them to be independent.

BOARD MEETINGS AND GENERAL MEETINGS

The Board should meet regularly and Board meetings should be at least four times a year. At least 14 days’ notice of all regular Board meetings is given to the Directors who are given the opportunity to include other matters in the agenda of meetings.

Minutes of meetings are kept by the Company Secretary with copies circulated to all Directors or Board Committee members for information and records. Directors who have conflicts of interest in a board resolution have abstained from voting for that resolution.

The Company Secretary is responsible for taking and keeping minutes of all Board meetings and Board Committee meetings. In compliance with the code provision C.5.5 of the CG Code, minutes of Board meetings and meetings of Board Committees were recorded in sufficient detail covering the matters considered by the Board and decisions reached, including any concerns raised by the Directors, or dissenting views expressed. Draft and final versions of minutes of Board meetings were sent to all the Directors for their comment and record respectively, in both cases within a reasonable time after the Board meeting was held.

Every Board member has full access to the advice and services of the Company Secretary with a view to ensuring that Board procedures, and all applicable rules and regulations are followed and they are also entitled to have full access to Board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities.

During the Year, the Company held 4 Board meetings in which all the executive Directors, non-executive Director and independent non-executive Directors (save as disclosed in the sub-section headed “**Attendance Records of Directors and Committee Members**”) had attended and discussed various matters and affairs of the Company. An annual general meeting was held on 30 May 2025.

On 27 March 2026, a Board meeting was held to approve, among others, the annual results of the Group for the Year.

CORPORATE GOVERNANCE REPORT

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

Each of the Directors (including independent non-executive Directors) has entered into a service contract or letter of appointment with the Company for a term of three years.

The articles of association of the Company (the “**Articles of Association**”) provides that any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office only until the first annual general meeting of the Company (the “**AGM**”) after his appointment and shall then be eligible for re-election.

In accordance with the Articles of Association, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least every three years. A retiring Director shall be eligible for re-election

DIRECTORS’ RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the financial statements of the Group are published in a timely manner.

The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company’s ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going concern basis.

The reporting responsibilities of the Company’s external auditor on the financial statements of the Group are set out in the section headed “Independent Auditor’s Report” in this annual report.

RESPONSIBILITIES OF AND DELEGATION BY THE BOARD

The major powers and functions of the Board include, but are not limited to, convening the general meetings, presenting reports to the general meetings, implementing the resolutions passed at the general meetings, determining the operational plans and investment plans of the Group, determining the annual financial budgets and final accounts of the Group, determining the fundamental management system of the Group, formulating profit distribution plans and loss recovery plans of the Group, and exercising other powers and functions as conferred by the Articles of Association.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective function.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation of the Group and management of the Company are delegated to the management of the Company.

The Board and the management have clearly defined their authorities and responsibilities under various internal control and check and balance mechanisms. The Board does not delegate matters to the Board committee(s), executive Directors or the management to an extent that would significantly hinder or reduce the ability of the Board as a whole to perform its function.

CORPORATE GOVERNANCE REPORT

DIRECTORS' TRAINING

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

All Directors are encouraged to participate in continuous professional development activities by ways of attending training and/or reading materials relevant to the Company's business or to the Directors' duties and responsibilities. A summary of professional training received by Directors for the Year according to the records provided by the Directors is as follows:

	Attending training session and/or reading materials relevant to the business or directors' duties
Mr. Hong Yiyuan	✓
Mr. Zhang Zhixiong	✓
Mr. Su Chengya	✓
Mr. He Ziping	✓
Mr. Chang Chi Hsung	✓
Mr. Chan Ming Kit	✓
Dr. Wang Fengxiang (resigned on 9 April 2025)	n/a
Ms. Chan Man Yi	✓
Dr. Xia Anjun (appointed on 9 April 2025)	✓

CORPORATE GOVERNANCE FUNCTIONS

The Board recognizes that corporate governance ("CG") should be the collective responsibility of Directors and their CG duties include:

- to approve and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to review and monitor the code of conduct and compliance (if any) applicable to the Directors and employees; and
- to review the Company's compliance with the code provisions of the CG Code and disclosure in the CG Report under the Listing Rules.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

The Board has established three Board committees in accordance with the relevant laws and regulations and the corporate governance practice under the Listing Rules, including the audit committee (the “**Audit Committee**”), remuneration committee (the “**Remuneration Committee**”) and nomination committee (the “**Nomination Committee**”).

AUDIT COMMITTEE

The Audit Committee assists the Board in discharging its responsibilities for corporate governance, financial reporting and corporate control. The duties of the Audit Committee include reviewing, in draft form, the annual report and accounts, half-year report and provide advice and comments to the Board. The full version of the terms of reference of the Audit Committee is available on the Stock Exchange’s website at www.hkexnews.hk and the Company’s website at www.haina-intelligent.com.

The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Chan Ming Kit, Dr. Xia Anjun and Ms. Chan Man Yi and one non-executive Director, namely Mr. Chang Chi Hsung. The chairman of the Audit Committee is Ms. Chan Man Yi, who holds the appropriate professional accounting qualification and financial management expertise as required under the Listing Rules to chair the Audit Committee.

The Audit Committee held 3 meetings during the Year. Details of attendance of the meetings of the Audit Committee are set out in the sub-section headed “Attendance Records of Directors and Committee Members” below.

The following matters were dealt with at the said meetings or by way of written resolutions:

- reviewing the consolidated financial statements for the year ended 31 December 2024 and the annual results announcement;
- reviewing the interim consolidated financial statements for the six months ended 30 June 2025 and the interim results announcement;
- reviewing the significant audit and accounting issues arising from the external auditor’s audit;
- considering the appointment of the external auditor and their audit fees;
- meeting with the external auditor without the presence of management to discuss issues arising from the audits and any other matters the auditor might wish to raise;
- reviewing the development in accounting standards and the Group’s response, including the preparation for adoption of Hong Kong Financial Reporting Standards;
- reviewing the Company’s compliance with regulatory and statutory requirements; and
- reviewing the effectiveness of the internal control and risk management system.

The annual results for the Year have been reviewed by the Audit Committee before submission to the Board for approval.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

The Nomination Committee comprises one executive Director, being Mr. Hong Yiyuan, and three independent non-executive Directors, being Mr. Chan Ming Kit, Dr. Xia Anjun and Ms. Chan Man Yi. The chairman of the Nomination Committee is Mr. Hong Yiyuan.

The Nomination Committee is mainly responsible for making recommendations to the Board on appointment of Directors and succession planning for the Directors in accordance with the Company's nomination policy. The full version of the terms of reference of the Nomination Committee is available on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.haina-intelligent.com.

The Nomination Committee held one meeting during the Year. Details of attendance of the meetings of the Nomination Committee are set out in the sub-section headed "Attendance Records of Directors and Committee Members" below. The following matters were dealt with at the said meeting or by way of written resolutions:

- to consider the proposed appointment of Director;
- to assess the independence of the independent non-executive Directors;
- to consider the re-election of Directors; and
- to review the composition of the Board.

The Nomination Committee has also followed its term of reference to review, at least annually, the effectiveness of the mechanism in place to ensure independent views are provided to the Board. During the Year, the Nomination Committee/ Board has reviewed to continue its existing practice by allowing independent views and inputs and conclude them to be effective. Such mechanism includes:

1. holding regular meetings of the Board and other Board committees to encourage participation by all members of the Board and/or committee members to deliver their independent views and inputs during such meetings;
2. dedicated meeting sessions between the independent non-executive Directors and the senior management;
3. allowing the independent non-executive Directors to freely communicate their own views to the chairman of the Board during designated meetings without the presence of other Directors; and
4. having timing communication with the Directors via various communication channels such as teleconference and email etc.

No member took part in voting on his/her re-election of Director at the meeting.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

The Remuneration Committee comprises two executive Directors, being Mr. Hong Yiyuan and Mr. Zhang Zhixiong, and three independent non-executive Directors, being Mr. Chan Ming Kit, Dr. Xia Anjun and Ms. Chan Man Yi. The chairman of the Remuneration Committee is Mr. Chan Ming Kit.

The primary duties of the Remuneration Committee are to determine the specific remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of independent non-executive Directors. The full version of the terms of reference of the Remuneration Committee is available on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.haina-intelligent.com.

The Remuneration Committee held one meeting during the year ended 31 December 2025. Details of attendance of the meetings of the Remuneration Committee are set out in the sub-section headed "Attendance Records of Directors and Committee Members" below. The following matters were dealt with at the said meeting or by way of written resolutions:

- to review and discuss the remuneration package for the Directors and senior management of the Company; and
- to consider and approve the remuneration packages for the proposed Directors.

No member took part in voting on his/her own remuneration at the meeting.

ATTENDANCE RECORDS OF DIRECTORS AND COMMITTEE MEMBERS

During the Year, the number of meetings, including Board meetings, Board committee meetings, and annual general meeting and the attendance by each Director is as follows:

Name of Directors	Attendance/Number of Meetings				Annual general meeting
	Board	Audit Committee	Remuneration Committee	Nomination Committee	
Mr. Hong Yiyuan	4/4	N/A	1/1	1/1	1/1
Mr. Zhang Zhixiong	4/4	N/A	1/1	N/A	1/1
Mr. Su Chengya	4/4	N/A	N/A	N/A	1/1
Mr. He Ziping	4/4	N/A	N/A	N/A	1/1
Mr. Chang Chi Hsung	4/4	3/3	N/A	N/A	1/1
Mr. Chan Ming Kit	4/4	3/3	1/1	1/1	1/1
Dr. Wang Fengxiang ¹	1/4	1/3	1/1	1/1	N/A
Ms. Chan Man Yi	4/4	3/3	1/1	1/1	1/1
Dr. Xia Anjun ²	3/4	2/3	N/A	N/A	1/1

Note 1: resigned on 9 April 2025

Note 2: appointed on 9 April 2025

CORPORATE GOVERNANCE REPORT

BOARD DIVERSITY POLICY

The Group adopted a board diversity policy (the “**Board Diversity Policy**”) on 8 May 2020. A summary of this policy is disclosed as below:

The purpose of the Board Diversity Policy is to achieve diversity of the Board. The Nomination Committee monitors the implementation of the Board Diversity Policy and reviews the policy annually. The Company recognizes and seizes the benefits of having a diverse Board to enhance the quality of its performance. With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board’s composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

As of the date of this annual report, the Company had a total of 8 Directors (comprising of 7 males and 1 female). The Directors have a balanced mix of experiences, including overall management and strategic development, quality assurance and control, business and risk management, and finance and accounting experiences in addition to corporate legal affair experiences.

DIVERSITY IN WORKFORCE

The Company recognises the importance of diversity in workforce throughout the Group as a matter of corporate governance and the Group has achieved an approximately 4:1 male-to-female employees ratio in our workforce. During the Year, the senior management considered the current ratio appropriate and will review any adjustment to the ratio and set target timeline accordingly. The Group is committed to provide a work environment free of harassment or discrimination for employees and to promote employee development and promotion. The Group shall identify suitable career development and training programs to promote diversity among its employees, which and such programs will also prepare them for the Senior Management and Board positions.

NOMINATION POLICY

The Company adopted a policy for nomination on 8 May 2020, pursuant to which, the Nomination Committee shall assist the Board in making recommendations to the Board on the appointment of Directors; and succession planning for Directors. Dr. Xia Anjun was nominated for directorship in 2025.

1. Selection criteria

- 1.1 The Nomination Committee shall consider the following factors, which are not exhaustive and the Board has discretion if it considers appropriate, in assessing the suitability of the proposed candidate regarding the appointment of Directors or re-appointment of any existing Board member(s):
 - a) Reputation for integrity;
 - b) Accomplishment, experience and reputation in the business and industry;



CORPORATE GOVERNANCE REPORT

- c) Commitment in respect of sufficient time, interest and attention to the business of the Company and its subsidiaries;
 - d) Diversity in all aspects, including but not limited to gender, age, cultural/educational and professional background, skills, knowledge and experience;
 - e) Compliance with the criteria of independence, in case for the appointment of an independent non-executive Director, as prescribed under Rule 3.13 of the Listing Rules; and
 - f) Any other relevant factors as may be determined by the Nomination Committee or the Board from time to time as appropriate.
- 1.2 The appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board shall be made in accordance with the Articles of Association and other applicable rules and regulations.

2. Nomination Procedures

- 2.1 The proposed candidates will be asked to submit the necessary personal information in a prescribed form by the Nomination Committee.
- 2.2 The secretary of the Nomination Committee shall convene a meeting, and invite nominations of candidates from Board members (if any), for consideration by the Committee. The Committee may also nominate candidates for its consideration.
- 2.3 For the appointment of any proposed candidate to the Board, the Nomination Committee shall undertake adequate due diligence in respect of such individual and make recommendations for the Board's consideration and approval.
- 2.4 For the re-appointment of any existing member(s) of the Board, the Nomination Committee shall make recommendations to the Board for its consideration and recommendation, for the proposed candidates to stand for re-election at a general meeting.
- 2.5 If a shareholder wants to propose a candidate to the Board for consideration, he/she shall refer to the "Procedures for a Shareholder to Propose a Person for Election as a Director", which is available on the Company's website.
- 2.6 The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at a general meeting.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has undertaken the overall responsibility for overseeing the Group's risk management and internal control systems on an on-going basis and reviewing their effectiveness at least annually in order to safeguard the interests of the shareholders and the assets of the Group.

The Board also acknowledges its responsibility for evaluating and determining the nature and extent of the risks it is willing to take to achieve the Group's strategic objectives and ensure that the Group has established and maintained appropriate and effective risk management and internal control systems. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board has delegated to the Audit Committee to review the effectiveness of the risk management and internal controls of the Group. Based on its review, the Audit Committee advises the Board on the effectiveness of the Group's risk management and internal control systems, including the identification and monitoring of the risks, the adequacy of resources, staff qualifications and experience, training programmes and the Company's accounting and financial reporting functions. The management has also been delegated to design, implement and maintain the appropriate and effective risk management and internal control systems of the Group.

A three-tier risk management approach has been adopted for the process of identifying, assessing and managing different types of risks. As the first line of defence, business units identifies, assesses and monitors risk associated with each business or transaction. As the second line of defence, the management defines rule sets and models, provides technical support, develops new system and oversees portfolio management to ensure that risks are within an acceptable range and that the first line of defence is effective. As the final line of defence, the internal audit function (either in-house or outsourced) assists the Audit Committee to review the first and second lines of defence.

To further strengthen the risk management and internal control of the Group, the Company has appointed external advisers to undertake the internal audit function and perform the ongoing monitoring of the internal control systems of the Group. The external advisers evaluate the Group's risk management and internal control systems by reviewing the material controls, including financial, operation and compliance. The rotation basis would be applied to operations with similar risk associated so as to enhance the efficiency and effectiveness of the internal audit function. Review results and the recommendations in the form of written report are submitted to the Audit Committee for discussion and review. Follow up actions will be taken up by the management of the Group to ensure that all significant control activities are properly in place within the Group and findings previously identified have been properly resolved. The situation will be reviewed by external advisers annually.

The Company has conducted a review on the effectiveness and efficiency of the Group's risk management and internal control systems during the Year. The management has confirmed that there were no significant deficiency and weakness on the internal control systems that were identified by the external advisers. During the Year, the Board is satisfied with and confirms that the Group's risk management and internal control systems were effective and adequate.

CORPORATE GOVERNANCE REPORT

PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Group strictly follows the requirements of the Securities and Futures Ordinance of Hong Kong (the “SFO”) and the Listing Rules and ensures that inside information is disclosed to the public as soon as reasonably practicable unless the information falls within any of the safe harbours of the SFO. Before inside information is disclosed to the public in accordance with the relevant requirements under the SFO and the Listing Rules, such information should be kept strictly confidential. In addition, the Group adopted the policy of disclosing relevant information only to appropriate staff within the Group or to its professional advisers who have a need to know such information.

AUDITOR'S REMUNERATION

The remunerations paid or payable to the external auditor of the Company in respect of audit and non-audit services provided to the Group for the Year are set out below.

RMB'000

Audit services	1,476
Non-audit services (Note)	194

Note: The non-audit services during the Year represented agreed-upon procedures on the Company's interim report for the six months ended 30 June 2025.

The Audit Committee is of the view that the auditor's independence was not affected by the provision of non-audit related services.

SHAREHOLDERS' RIGHTS

The Company encourages the Shareholders to attend the general meetings of the Company. To safeguard shareholders' interests and rights, a separate resolution will be proposed for each issue at general meeting, including the election of individual Director(s). All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

The Procedures for Shareholders to Convene an Extraordinary General Meeting (“EGM”) and for Putting Forward Proposals at General Meeting

Pursuant to Article 64 of the Articles of Association, extraordinary general meeting of the Company shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company at the Company's head office or principal place of business in Hong Kong, for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition and signed by the requisitionist(s) (the “Requisitionists”)

Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the Requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Board shall be reimbursed to the Requisitionist(s).

CORPORATE GOVERNANCE REPORT

The Procedures for Shareholders to Propose a Person for Election as a Director of the Company

Article 113 of the Articles of Association provides that no person, other than a retiring director of the Company, shall, unless recommended by the board of directors of the Company for election, be eligible for election to the office of director of the Company (the “**Director**”) at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodging the notices as required under the Articles of Association will commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

Accordingly, if a shareholder wishes to nominate a person to stand for election as a director of the Company at the general meeting, the following documents must be validly served at the Company’s head office in Hong Kong or the branch share registrar and transfer office, namely (1) his/her notice of intention to propose a resolution at the general meeting; (2) a notice signed by the nominated candidate of his/her willingness to be elected; (3) the nominated candidate’s information as required to be disclosed under Rule 13.51(2) of the Listing Rules; and (4) the nominated candidate’s written consent to the publication of his/her personal data, contact address and contact telephone number.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Board has established a Shareholders’ communication policy to ensure that Shareholders and potential investors are provided with ready, equal and timely access to information of the Company.

Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividends to the Company’s branch share registrar in Hong Kong, details of which are as follows:

Computershare Hong Kong Investor Services Limited

Address:

Shops 1712-1716, 17th Floor,
Hopewell Centre,
183 Queen’s Road East,
Hong Kong

A shareholder may send an enquiry to the registered office of the Company at Suites 707-709, 7/F., 12 Taikoo Wan Road, Taikoo Shing, Quarry Bay, Hong Kong for the attention of the Board in written form, which shall state the nature of the enquiry and the reason for making the enquiry.

The Company has maintained a corporate website at www.haina-intelligent.com through which the Company’s updated financial information, business development, announcements, circulars, notices of meetings, press releases and contact details can be accessed by the Shareholders and investors.

Overall, the Company considers the shareholders’ communication policy of the Group to be effective and adequate. The Company will continue to review the implementation and effectiveness of the shareholders’ communication policy by shareholders’ feedback from the above channel.



CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY

The Company does not have a fixed dividend policy or dividend payout ratio, however the Directors expect that the Company's dividend payout ratio will be not less than 25% of its annual distributable net profit. Notwithstanding the aforesaid, the Board shall have the discretion with regards to any recommendation as to the declaration, amount and means of payment of any dividends and the amount of any actual dividends will depend on i) the Company's actual and expected financial performance; ii) retained earnings and distribution reserves of the Company and each of the members of the Group; iii) the Group's working capital requirements, capital expenditure requirements and future expansion plans; iv) the Group's liquidity position; v) general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and vi) any other applicable factors that the Directors consider relevant. Further, such declaration will also be subject to the applicable laws and regulations including the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands, the Articles of Association and, other than payment of an interim dividend, the approval of Shareholders.

The Board will continually review the dividend policy from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

The Board is not aware of any shareholder who has waived or agreed to waive any dividends.

COMPANY SECRETARY

Mr. Lau Wai Piu Patrick ("Mr. Lau") was appointed as the Company Secretary on 21 March 2019 and Mr. Hong Yiyuan, an executive Director, is the main contact of Mr. Lau. Mr. Lau has confirmed that he received not less than 15 hours of relevant professional training during the Year.

CONSTITUTIONAL DOCUMENTS

There were no changes to the constitutional documents of the Company during the Year and up to the date of this annual report.

DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Save as disclosed elsewhere in this annual report, there were no other changes to the Director's information that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Executive Directors

Mr. Hong Yiyuan (“Mr. Hong”), aged 47, is one of the founders of the Group, an executive Director, the chairman of the Board and the chief executive officer. He was appointed as the Director on 20 December 2017 and re-designated as an executive Director on 21 March 2019. Mr. Hong joined the Group on 14 March 2011. Mr. Hong is responsible for formulating corporate planning, business development and supervising the overall operations of the Group. He is the chairman of the Nomination Committee and a member of the Remuneration Committee. He is a director of Affluent International Group Limited, Haina Intelligent Development Company Limited, Haina Technology Group Limited, Haina Intelligent Trading Company Limited, Jinjiang Haina Machinery Company Limited (晉江海納機械有限公司) and Hangzhou Haina Machinery Company Limited (杭州海納機械有限公司), all of which are subsidiaries of our Company. In addition, Mr. Hong is also a director of Prestige Name International Limited, the controlling shareholder of our Company.

Mr. Hong has over 24 years of experience in the disposable hygiene product machinery industry. From May 1998 to June 2002, Mr. Hong worked as a technician at Fujian Hengan Holding Co., Ltd. (福建恒安集團有限公司), a subsidiary of Hengan International Group Company Limited, a company listed on the Stock Exchange (stock code: 01044). From 2003 to 2006, he served as a manager at Guiyang Nanming Hemei Paper Fitting Factory (貴陽南明合美紙業加工廠), which was engaged in the sales and production of the disposable sanitary products including napkins, sanitary napkins, and diapers. From August 2006 to July 2010, Mr. Hong was the legal representative of Guiyang Nanming Tiantian Hygiene Products Company Limited (貴陽南明天天衛生用品有限公司), which was engaged in the sales and production of the disposable hygiene products.

Since November 2020, Mr. Hong has been the vice president of The First Board of Directors (Supervisors) of Shishi Chamber of Commerce for Import and Export (石獅市進出口商會第一屆理(監)事會) and also the vice president of The Second Board of Directors (Supervisors) of the Shishi International Chamber of Commerce (石獅市國際商會第二屆理(監)事會). Since December 2020, Mr. Hong has been Honorary President of The 4th Council of Jinjiang Charity Federation (晉江市慈善總會第四屆理事會). Since January 2021, Mr. Hong has been the vice chairman of the board of directors of Jinjiang Yangzheng Secondary School (晉江市養正中學校董會). Since March 2021, Mr. Hong has been the executive vice president of Zhejiang Sanitary Products Chamber of Commerce (浙江省衛生用品商會). Mr. Hong was appointed as the vice president of The Third Standing Committee of the Chamber of Commerce in Jinjiang Economic Development Zone (晉江經濟開發區商會第三屆理事會) in 2023.

Mr. Hong completed a specialist program in mechanical manufacturing and automation through distance-learning (parttime) from Tianjin University (天津大學) in the PRC in January 2017. Mr. Hong completed an online education study course for business administration at Xiamen University (廈門大學) in the PRC in June 2021.

Mr. Zhang Zhixiong (“Mr. Zhang”), aged 47, is one of the founders of the Group and the executive director of the Company. He was appointed as an executive Director on 21 March 2019. Mr. Zhang joined the Group on 24 January 2011. Mr. Zhang is responsible for the corporate and finance management of the Group. He is a member of the Remuneration Committee. He is a director of Jinjiang Haina Machinery Company Limited (晉江海納機械有限公司).

Mr. Zhang has over 24 years of experience in corporate management. From September 2000 to May 2003, Mr. Zhang served as a manager at Minnan Trade Customs of Xiamen City Shishi Branch (廈門市閩南經貿報關行石獅分行). From June 2003 to May 2005, he served as the deputy general manager at Quanzhou Enterprises with Foreign Investment Anhui Company Limited (泉州市外商投資企業安海有限公司). From June 2005 to July 2010, Mr. Zhang was the deputy general manager of Jinjiang Kaide Economic Investment Consultancy Company Limited (晉江凱德經濟投資諮詢有限公司). From August 2010 to December 2010, Mr. Zhang was the general manager of Jinjiang City Chuanghui Cultural Equipment Company Limited (晉江市創慧文化用品有限公司).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Since December 2021, Mr. Zhang has been a committee member of the Fourteenth Session of the People's Political Consultative Conference in Jinjiang City (中國人民政治協商會議第十四屆晉江市委員會委員).

Mr. Zhang completed a specialist program in mechanical manufacturing and automation through distance-learning (part-time) from the Tianjin University (天津大學) in the PRC in January 2017. Mr. Zhang completed an online education study course for business administration at Xiamen University (廈門大學) in the PRC in June 2021.

Mr. Su Chengya ("Mr. Su"), aged 52, is one of the founders of the Group and the executive director of the Company. He was appointed as an executive Director on 21 March 2019. Mr. Su joined the Group on 24 January 2011. Mr. Su is responsible for the general administration management of the Group. He is the supervisor of Jinjiang Haina Machinery Company Limited (晉江海納機械有限公司). He is a director of Zhejiang Haina Tongchuang Intelligent Technology Company Limited (浙江海納同創智能科技有限公司) and Zhejiang Haina Zhihui Technology Company Limited (浙江海納智匯科技有限公司).

Mr. Su has over 24 years of experience in management of machineries-related enterprises. From August 1989 to October 1999, he served as a worker at Wushan Village Machinery Fitting Factory (安海鎮梧山機械廠). From November 1999 to February 2008, Mr. Su served as the general manager of Yafeng Machinery Manufacturing Company Limited (涯峰機械製造有限公司). From March 2008 to May 2010, Mr. Su served as a manager of Jinjiang City Shunchang Machinery Manufacturing Company Limited (晉江市順昌機械製造有限公司).

Mr. Su completed his elementary education at Wushan Primary School of Anhai Town Jinjiang City (晉江市安海鎮梧山小學) in the PRC in June 1986.

Mr. He Ziping ("Mr. He"), aged 48, is one of the founders of the Group and the executive Director. He was appointed as the executive Director on 21 March 2019. Mr. He joined the Group on 24 January 2011. Mr. He is responsible for the sales and marketing of the Group. He is a director of Jinjiang Haina Machinery Company Limited (晉江海納機械有限公司) and Jinjiang Haiyi Machinery Company Limited (晉江海億機械有限公司).

Mr. He has over 26 years of experience in the disposable hygiene product machinery industry. From September 1995 to August 1997, Mr. He served as a technician at Fujian Hengan Holding Co., Ltd. (福建恒安集團有限公司), a subsidiary of HengAn International Group Company Limited, a company listed on the Stock Exchange (stock code: 01044). From September 1997 to February 2001, he worked as a production management officer at Hengan (Sichuan) Hygiene Products Co. Ltd. (恒安(四川)衛生用品有限公司), which is a subsidiary of HengAn International Group Company Limited. From March 2001 to August 2005, he worked as business operation officer at Jinjiang City Dongnan Machinery manufacturing Company Limited (晉江市東南機械製造有限公司). From April 2006 to August 2010, he served as the deputy general manager of Jinjiang City Shunchang Machinery manufacturing Company Limited (晉江市順昌機械製造有限公司).

In December 2014, Mr. He was appointed as a deputy supervisor of The First Standing Committee of the Chamber of Commerce of Sanitary Products in Fujian Province (福建省衛生用品商會第一屆理事會). Since January 2019, Mr. He has been the vice president of The Second Standing Committee of the Chamber of Commerce of Sanitary Products in Fujian Province (福建省衛生用品商會第二屆理事會).

Mr. He completed a specialist program in mechanical manufacturing and automation through distance-learning (part-time) from Tianjin University (天津大學) in the PRC in January 2017. Mr. He completed an online education study course for business administration at Xiamen University (廈門大學) in the PRC in June 2021.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Non-Executive Director

Mr. Chang Chi Hsung (“Mr. Chang”), aged 47, was appointed as the non-executive Director on 21 March 2019. Mr. Chang joined the Group on 12 April 2018. He is responsible for providing corporate advice to the Board. He is a member of the Audit Committee.

Mr. Chang is the Managing Director of OA group of companies (Singapore domiciled), a professional service firm providing audit, accounting, corporate secretarial, valuation, tax, and business advisory services. He has over 20 years of professional experience in the accounting and business advisory industry. Prior to founding the OA group of companies, he worked in KPMG Malaysia, KPMG Singapore, and Mazars Singapore (currently known as Forvis Mazars Singapore), where he gathered his audit and accounting advisory experience.

Presently, Mr. Chang is an Independent Director of Reclaims Global Limited and Rich Capital Holdings Limited. All are companies listed on the Catalist of the Singapore Exchange Securities Trading Limited, where he sits on the Audit and Remuneration Committees. He is the Chairman of the Audit Committee and also sits on the Nominating Committee for Rich Capital Holdings Limited.

He graduated with a Bachelor of Commerce degree in Accounting and Finance from The University of New South Wales, Australia, in 2001. He is a Chartered Accountant of Singapore and Malaysia, a fellow member of CPA Australia, and a member of the Hong Kong Institute of CPA. He is also qualified as an ASEAN Chartered Professional Accountant. Mr. Chang has been a member of the Singapore Institute of Directors since 2017.

Independent Non-Executive Directors

Mr. Chan Ming Kit (“Mr. Chan”), aged 46, was appointed as an independent non-executive Director on 4 May 2020. He is responsible for providing independent advice to the Board. He is the chairman of the Remuneration Committee, a member of the Audit Committee and the Nomination Committee.

Mr. Chan has more than fifteen years of experience in the compliance and legal industry. From April 2007 to August 2011, he worked at G2000 (Apparel) Limited and left as a compliance officer. From April 2015 to June 2017, he worked as an assistant solicitor at M.C.A. Lai Solicitors LLP, a law firm. From June 2017 to February 2018, he worked as a consultant solicitor at C.K. Charles Ho & Co. (currently known as Chan & Ho Solicitors), a law firm, and became a partner in March 2018. In July 2022, Mr. Chan founded Chan Joseph M.K., Solicitor and has been its sole practitioner since then. Mr. Chan was an independent non-executive director of Nexion Technologies Limited (stock code: 08420), a company listed on the GEM of the Stock Exchange for the period from 31 May 2017 to 2 November 2020. On 2 September 2021, he was appointed as an independent non-executive director of Hang Tai Yue Group Holdings Limited (stock code: 08081), a company listed on the GEM of the Stock Exchange.

Mr. Chan obtained a bachelor's degree in laws from University of Sheffield in the United Kingdom in June 2005. He obtained a postgraduate certificate in laws from City University of Hong Kong in July 2011. He was called to the bar in Hong Kong in April 2012 and he was admitted as a solicitor of the High Court of Hong Kong in March 2015.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Dr. Xia Anjun (“Dr. Xia”), aged 45, was appointed as an independent non-executive Director on 9 April 2025. He is responsible for providing independent advice to the Board. He is also a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee.

He has over 17 years of experience in the engineering industry. From May 2008 to August 2009, he worked as a research and development engineer at Shanghai Electric Wind Power Group Co., Ltd. (上海電氣風電設備有限公司). From November 2013 to January 2016, he was doing postdoctoral work in the Department of Engineering, Tsinghua University (清華大學電機工程與應用電子技術系). Since March 2016, he joined Quanzhou Institute of Equipment Manufacturing Haixi Institutes, Fujian Institute of Research on the Structure of Matter, Chinese Academy of Sciences (中國科學院福建物質結構研究所泉州裝備制造研究中心) as Senior Engineer and Master Supervisor.

Dr. Xia obtained a bachelor’s degree in Electronics and Information Engineering from Jiangsu University in July 2004. In April 2008 and July 2013, he obtained his master’s degree and Ph.D.’s degree in Power Electronics and Electric Drive from Jiangnan University and Institute of Electrical Engineering, Chinese Academy of Sciences (中國科學院電工研究所), respectively. He became a Senior Member of the Institute of Electrical and Electronics Engineers (IEEE) in October 2021.

Ms. Chan Man Yi (“Ms. Chan”), aged 43, was appointed as an independent non-executive Director on 5 May 2023. She is responsible for providing independent advice to the Board. She is the chairman of the Audit Committee, a member of the Nomination Committee and the Remuneration Committee.

Ms. Chan has over 13 years of experience in the accounting and finance industry. From September 2007 to December 2013, she worked as an auditor at Mazars CPA Limited (now Forvis Mazars CPA Limited). She founded accounting firms, M. Y. Chan & Co. and NG & Partners CPA Limited, in April 2014 and March 2017 respectively and has been their director since then.

Ms. Chan obtained a bachelor’s degree in accountancy from City University of Hong Kong in 2007. Ms. Chan has been a member of the Hong Kong Institute of Certified Public Accountants since November 2012.

SENIOR MANAGEMENT

Ms. Huang Lingqiong (“Ms. Huang”), aged 49, joined the Group on 15 October 2017 and has been appointed as the financial controller since November 2017. Ms. Huang is mainly responsible for the finance, internal control and cash management of the Group. In April 2019, she was appointed as the vice chairman of the labour union of Jinjiang Haina Machinery Company Limited, the organising committee and the discipline inspection committee of the party branch organization.

Ms. Huang has over 23 years of experience in finance. From April 1996 to December 2000, Ms. Huang worked as an accountant in Quanzhou Jiande Kentak Machinery Company Limited* (Quanzhou Jiande Group Company Limited)* (泉州建德鯉達里機械有限公司(泉州建德集團有限公司)), a company is principally engaged in the research and development, sales and production of loading machine machinery and equipment.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

From February 2001 to December 2002, Ms. Huang worked as an accounting supervisor in Fujian Hongyuan Group Company Limited* (福建宏遠集團有限公司), a company principally engaged in the research and development, sales and production of textile garments.

From January 2003 to January 2011, Ms. Huang was the finance manager of Fujian Quanzhou Hongcha Machinery Manufacturing Company Limited* (福建泉州鴻昌機械製造有限公司) and its subsidiary, Quanzhou Honcha Import&export Trading Company Limited* (泉州有為進出口貿易有限公司), a company is principally engaged in the research and development, sales and production of concrete block forming equipment.

From February 2011 to May 2016, Ms. Huang was the financial controller of Fujian Excellence Honcha Environmental Intelligence Equipment Company Limited* (福建卓越鴻昌環保智能裝備股份有限公司) (listed on the NEEQ in April 2015), a company is principally engaged in the research and development, sales and production of concrete block forming equipment.

From June 2016 to October 2017, Ms. Huang worked as a financial controller of Quanzhou Xiesheng Technology Co., Ltd.* (泉州協昇科技有限公司), a company is principally engaged in research and development, sales and production of stationery products.

Ms. Huang completed her studies in financial accounting at China Central Radio and TV University in December 2002 and the e-learning course in business administration from Fujian Normal University in December 2010.

Except for Ms. Huang, Mr. Hong, Mr. Zhang, Mr. Su and Mr. He are also the senior management of the Group. For details of their biographies, please refer to sub-section headed “Executive Directors” above.

COMPANY SECRETARY

Mr. Lau Wai Piu, Patrick (“Mr. Lau”), aged 52, was appointed as the company secretary of the Company on 21 March 2019.

Mr. Lau has over 20 years of experience in aspect of financial reporting, accounting and auditing. He obtained a higher diploma in accountancy from the City University of Hong Kong in November 1997 and a master's degree of arts in international accounting from the same university in November 2002. He was admitted as a fellow of the Association of Chartered Certified Accountants in July 2005 and a fellow of the Hong Kong Institute of Certified Public Accountants in September 2007.



REPORT OF THE DIRECTORS

The Directors are pleased to present to the shareholders of the Company (the “**Shareholders**”) their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2025 (the “**Reporting Period**”).

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in the design and production of automated machines for disposable hygiene products in the People's Republic of China (the “**PRC**”). An analysis of the Group's revenue and results by principal operating segments is set out in note 3 to the consolidated financial statements. Particulars of the Company's principal subsidiaries are set out in note 16 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 83 of this annual report.

The Directors do not recommend the payment of final dividend for the Reporting Period.

BUSINESS REVIEW

A fair review of the business of the Group during the Reporting Period and a discussion on the Group's future business development are set out in the section headed “Chairman's Statement” and “Management Discussion and Analysis” on pages 4 to 13 of this annual report.

The above discussions form part of this directors' report.

PRINCIPAL RISKS AND UNCERTAINTY

Risk associated with financial instruments of the group

The financial risk management objectives and policies of the Group are set out in note 35 to the consolidated financial statements.

Key sources of estimation uncertainty

Details of the key sources of estimation uncertainty as at 31 December 2025 are set out in note 2 to the consolidated financial statements.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Period, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

REPORT OF THE DIRECTORS

RELATIONSHIPS WITH SUPPLIERS, CUSTOMERS AND EMPLOYEES

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. The Group offers comprehensive compensation to its employees and provide on-the-job training to the employees. The employees' compensation is based on their qualification, position, seniority and performance. During the Reporting Period, there was no material and significant dispute between the Group and its employees, customers and suppliers.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to long term sustainability of the environment and communities in which it operates. Acting in an environmental responsible manner, the Group endeavors to comply with the laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction. The Company confirms that it has complied with the "Comply or Explain" provision set out in Part C of the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 of the Listing Rules during the Reporting Period.

RESERVES

During the Reporting Period, details of movements in the reserves of the Group and the reserves of the Company are set out in the consolidated statement of changes in equity on pages 86 and 87 of this annual report and in note 39(a) to the consolidated financial statements, respectively.

As at 31 December 2025, the aggregate amount of reserves available for distribution to owners of the Company was approximately RMB125.9 million (2024: approximately RMB136.6 million)

DONATIONS

Charitable and other donations made by the Group during the Reporting Period amounted to approximately RMB100,000 (2024: approximately RMB5,000).

MATERIAL INVESTMENT AND ACQUISITION

The Group had no significant investment and acquisition activities during the Reporting Period.

BANK BORROWINGS

Details of the bank borrowings of the Group as at 31 December 2025 are set out in note 26 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the Reporting Period and details of the Group's property, plant and equipment are set out in note 12 to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company during the Reporting Period are set out in note 28 to the consolidated financial statements.

REPORT OF THE DIRECTORS

EQUITY-LINKED AGREEMENT

Save as disclosed in this annual report relating to the “Share Option Scheme”, no equity-linked agreements were entered into during the Reporting Period or subsisted at the end of the Reporting Period.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every Director shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto.

The Company has an appropriate insurance cover in respect of potential legal actions against its Directors and officers since Listing and remained in force as of the date of this annual report. The insurance coverage will be reviewed on an annual basis.

DIRECTORS

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

Executive Directors

Mr. Hong Yiyuan (*Chairman and Chief Executive Officer*)
Mr. Zhang Zhixiong
Mr. Su Chengya (“**Mr. Su**”)
Mr. He Ziping² (“**Mr. He**”)

Non-Executive Director

Mr. Chang Chi Hsung (“**Mr. Chang**”)

Independent Non-Executive Directors

Mr. Chan Ming Kit
Dr. Wang Fengxiang (resigned on 9 April 2025)
Ms. Chan Man Yi
Dr. Xia Anjun (appointed on 9 April 2025)

In accordance with Article 108(a) of the Articles of Association, Mr. Su, Mr. He and Mr. Chang shall retire at the forthcoming AGM and, being eligible, have offered themselves for re-election.

DIRECTORS INTERESTS IN CONTRACTS, TRANSACTION OR ARRANGEMENT

None of the Directors offering themselves for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

No contract, transaction or arrangement of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

REPORT OF THE DIRECTORS

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2025, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interest in the Shares of the Company

Name of Directors	Capacity	Number of Shares (other than pursuant to equity derivatives)	Number of underlying shares held pursuant to the share options scheme adopted on 8 May 2020	Approximate percentage of the issued shares
Mr. Hong Yiyuan ^(2,3) ("Mr. Hong")	Interest in a controlled corporation	349,188,000	–	61.92%
	Beneficial interest and interest held jointly with another person	–	10,000,000	1.77%
Mr. Zhang Zhixiong ^(2,3) ("Mr. Zhang")	Interest in a controlled corporation	349,188,000	–	61.92%
	Beneficial interest and interest held jointly with another person	–	10,000,000	1.77%
Mr. Su Chengya ^(2,3) ("Mr. Su")	Interest in a controlled corporation	349,188,000	–	61.92%
	Beneficial interest and interest held jointly with another person	–	10,000,000	1.77%
Mr. He Ziping ^(2,3) ("Mr. He")	Interest in a controlled corporation	349,188,000	–	61.92%
	Beneficial interest and interest held jointly with another person	–	10,000,000	1.77%
Mr. Chang Chi Hsung ^(2,3) ("Mr. Chang")	Interest in a controlled corporation	349,188,000	–	61.92%
	Interest held jointly with another person	–	10,000,000	1.77%

Notes:

- (1) Interests in shares stated above represent long positions.
- (2) The Company is directly owned as to 61.92% by Prestige Name International Limited ("Prestige Name"), a company incorporated in the British Virgin Islands with liability limited by shares. Prestige Name is beneficially owned and legally owned as to 46.84%, 26.13%, 19.64% and 6.31% and 1.08% by Mr. Hong, Mr. Zhang, Mr. Su, Mr. He and Mr. Chang (the "Controlling Shareholders"), respectively.
- (3) Mr. Hong, Mr. Zhang, Mr. Su, Mr. He, Mr. Chang and Prestige Name are parties acting in concert pursuant the acting in concert confirmation entered into on 4 March 2022 (the "Acting In Concert Confirmation"). By virtue of the SFO, they are deemed to be interested in (i) the indirect attributable interest of the ordinary shares of the Company held by their controlled corporation; and (ii) the respective numbers of shares in Prestige Name held by other parties acting in concert. Therefore, the Controlling Shareholders together are deemed to be interested in a total of 61.92% of the issued share capital of the Company.



REPORT OF THE DIRECTORS

Save as disclosed above, as at 31 December 2025, none of the directors and the chief executives of the Company had any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Reporting Period, was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or other body corporate.

SHARE OPTION SCHEME

The Company has adopted the share option scheme on 8 May 2020 (the “**Share Option Scheme**”). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The following is a summary of the principal terms of the Share Option Scheme:

(A) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to provide an incentive or a reward to eligible persons for their contribution to the Group.

(B) Participants of the Share Option Scheme

The participants of the Share Option Scheme shall be:

- (1) any employee (whether full-time or part-time) of the Company, and any of the subsidiaries;
- (2) any director (including executive, non-executive directors and independent non-executive directors) of the Company and any of the subsidiaries; and
- (3) any consultant, advisers of the Company and any of the subsidiaries.

(C) Total number of Shares available for issue under the Share Option Scheme

Under the Share Option Scheme, the total number of Shares which may be allotted and issued upon exercise of all share options to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 10% of the number of issued shares as at 3 June 2020 unless the Company obtains a fresh approval from the Shareholders.

As at the date of this annual report, a total of 46,400,000 Shares, representing approximately 8.22% of the issued share capital of the Company, are available for issue under the Share Option Scheme.

(D) Maximum entitlement of each participant under the Share Option Scheme

The maximum entitlement of each participant under the Share Option Scheme in any 12-month period up to and including the date of grant of the options must not exceed 1% of the total number of Shares in issue.

REPORT OF THE DIRECTORS

Each grant of share options to a Director, chief executive or substantial shareholder of the Company or any of their respective associates, is subject to approval in advance by the independent non-executive Directors. In addition, any grant of share options to a substantial shareholder or an independent non-executive Director, or to any of their associates, resulting in the Shares issued and to be granted (including options exercised, cancelled and outstanding) to such person, in a 12-month period up to and including the date of such grant in excess of 0.1% of the Shares in issue and with an aggregate value (based on the closing price of the Shares at the date of the grant) in excess of HK\$5 million, is subject to Shareholders' approval in advance in a general meeting of the Company.

(E) The period within which the Shares must be taken up under an option

The period during which an option may be exercised is determined by the Board at its discretion, save that such period shall not be longer than 10 years from the date of grant.

(F) The minimum period for which an option must be held before it can be exercised as determined by the Board upon the grant of an option.

(G) The amount payable on acceptance of an option and the period within which payments shall be made

A consideration of HK\$1 is payable on acceptance of the offer of grant of an option where the grantee should accept or decline the offer of grant of an option within the date as specified in the offer letter issued by the Company, being a date within 21 days from the date of the offer.

(H) The basis of determining the exercise price

The exercise price of a share in respect of any particular option granted under the Share Option Scheme shall be a price determined by the Board in its absolute discretion and notified to an eligible person, and shall be at least the higher of: (1) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, (2) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five consecutive business days immediately preceding the date of grant, and (3) the nominal value of a share on the date of grant.

(I) The remaining life of the Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of 10 years from 3 June 2020 until 2 June 2030.

On 21 May 2021, the Company offered to grant a total of 14,000,000 share options at an exercise price of HK\$1.14 per share of the Company to certain eligible participants (the "Grantees"), of which 10,000,000 and 4,000,000 share options were respectively granted to the executive directors of the Company and certain employees of the Group pursuant to the Share Option Scheme. The Grantees are entitled, subject to the terms and conditions of the grant and upon exercise, to subscribe a total of 14,000,000 ordinary shares in the share capital of the Company. The number of options available for grant under the Share Option Scheme are 32,400,000 and 32,400,000 at 1 January 2025 and 31 December 2025 respectively.

The number of shares that may be issued in respect of share options granted under the Share Option Scheme during the Reporting Period divided by the weighted average number of shares in issue for the Reporting Period is zero.

No share option has been granted, exercised, cancelled or lapsed during the Reporting Period under the Share Option Scheme.

Please refer to note 30 to the consolidated financial statements for more details of the Share Option Scheme.

REPORT OF THE DIRECTORS

CONTROLLING SHAREHOLDERS' INTERESTS

No contracts of significance were entered into between the Company or any of its subsidiaries and any controlling shareholders or any of its subsidiaries or any contracts of significance for the provision of services to the Company or any of its subsidiaries by any Controlling Shareholders or any of its subsidiaries.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2025, according to the register kept by the Company under Section 336 of the SFO, the corporations or persons (other than a Director or chief executive of the Company) who had interests or short positions in the Shares, or underlying shares which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO were as follows:

Name	Capacity	Number of Shares/underlying shares held ⁽¹⁾	Approximate percentage of the issued shares
Prestige Name ^(2,3)	Beneficial owner	349,188,000	61.92%
	Interests held jointly with another person ⁽⁴⁾	10,000,000	1.77%

Notes:

- (1) Interests in shares stated above represent long positions.
- (2) The Company is directly owned as to 61.92% by Prestige Name. Prestige Name is beneficially owned and legally owned as to 46.84%, 26.13%, 19.64% and 6.31% and 1.08% by Mr. Hong, Mr. Zhang, Mr. Su, Mr. He and Mr. Chang, respectively.
- (3) Mr. Hong, Mr. Zhang, Mr. Su, Mr. He, Mr. Chang and Prestige Name are parties acting in concert pursuant the Acting In Concert Confirmation. By virtue of the SFO, they are deemed to be interested in (i) the indirect attributable interest of the ordinary shares of the Company held by their controlled corporation; and (ii) the respective numbers of shares in Prestige Name held by other parties acting in concert. Therefore, the Controlling Shareholders together are deemed to be interested in a total of 61.92% of the issued share capital of the Company.
- (4) This 10,000,000 shares represent an aggregate of 10,000,000 share options granted to Mr. Hong, Mr. Zhang, Mr. Su and Mr. He, the shareholders of Prestige Name, on 21 May 2021 that are exercisable according to the vesting period disclosed in the note 30 to the consolidated financial statements. Pursuant to the Acting in Concert Confirmation, Prestige Name will be deemed to be interested in an aggregate of 10,000,000 Shares upon exercise of the said share options

Save as disclosed above, as at 31 December 2025, no other person (other than a Director or chief executive of the Company) had registered an interest or short position in the Shares, underlying Shares which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 34 to the consolidated financial statements and in the paragraph headed "Continuing Connected Transactions", there is no contract of significance to which the Company, its holding company, subsidiaries or fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

REPORT OF THE DIRECTORS

RELATED PARTY TRANSACTIONS

The significant related party transactions made during the Reporting Period were disclosed in note 34 to the consolidated financial statements. The transactions set out therein fall within the definition of connected transactions under Chapter 14A of the Listing Rules and disclosure requirements in accordance with Chapter 14A of the Listing Rules have been complied with.

COMPETING INTEREST

During the Reporting Period, none of the Directors or their respective associates (as defined in the Listing Rules) had an interest in a business, which competes or may compete with the business of the Group. Each of Mr. Hong, Mr. Zhang, Mr. Su, Mr. He and Prestige Name (the controlling shareholders (within the meaning of the Listing Rules) of the Company) has provided a written confirmation, which has been reviewed and confirmed by the independent non-executive directors of the Company, confirming that they have complied with the terms of a deed of non-competition entered into between them and the Company during the Reporting Period.

REMUNERATION POLICY

The remuneration policy of the Group is set up by the Remuneration Committee on the basis of market trends and the individuals' merit, qualifications and competence.

The Group participates in defined contribution retirement plans which cover the Group's eligible employees in the PRC, and a mandatory provident fund scheme for the employees in Hong Kong. Particulars of these retirement plans are set out in note 7 to the consolidated financial statements. There was no forfeited contribution available to reduce the contribution payable by the Group under the above schemes.

The Remuneration Committee, having regard to the salaries paid by comparable companies, time commitment and responsibilities and employment conditions, made recommendations to the Board for all remuneration of the executive Directors and senior management of the Company.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of the scheme are set out in the heading under "Share Option Scheme".

EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors, past Directors, chief executive and the five highest paid individuals of the Group, remuneration payable to senior management by band (if any) are set out in note 7 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

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. As at 31 December 2025, there were no treasury shares (as defined under the Listing Rules) held by the Company.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association although there is no restriction against such rights under the laws in the Cayman Islands.

REPORT OF THE DIRECTORS

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief or exemption available to the shareholders of the Company by reason of their holding of the Company's securities.

CONTINUING CONNECTED TRANSACTIONS

During the Reporting Period, the Group conducted the following continuing connected transactions:

As disclosed in the announcements of the Company dated 9 December 2022, 30 November 2023, 7 December 2023 and 17 January 2024, the following transactions of the Group constituted connected transactions for the Company.

Framework purchase agreement between the Group and Jinjiang City Shengrong Machinery Equipment Limited ("Shengrong Machinery")

On 9 December 2022, Jinjiang Haina Machinery Company Limited ("**Jinjiang Haina**") and Shengrong Machinery, a limited liability company established in the PRC and wholly-owned by a relative of Mr. Su (one of our executive Directors and a controlling shareholder of the Company), entered into a framework purchase agreement (the "**Shengrong Purchase Agreement**"), pursuant to which Jinjiang Haina agreed to purchase machine parts from Shengrong Machinery as and when ordered by Jinjiang Haina from time to time. As Shengrong Machinery is a connected person of the Company, the transactions contemplated under the Shengrong Purchase Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Under the Shengrong Purchase Agreement, the prices for the machine parts that are purchased by Jinjiang Haina should be separately negotiated for each purchase by the parties based on the principles that the purchase price payable shall be determined on normal commercial terms after arm's length negotiation, and shall be no less favourable than the prevailing market price and the price offered by independent third parties. The parties will have separate purchase orders in respect of each purchase.

The Shengrong Purchase Agreement shall commence from 1 January 2023 until 31 December 2025, provided that either party may terminate the agreement by giving not less than one month's prior written notice to the other party.

The annual caps for the transactions contemplated under the Shengrong Purchase Agreement will not exceed (excluding value-added) tax RMB5.0 million for each of the three financial years ended 31 December 2025.

During the Reporting Period, the amount of transactions conducted under the Shengrong Purchase Agreement was approximately RMB1.9 million.

Framework purchase agreement between the Group and Jinjiang City Hengqin Machinery Industry and Trade Company Limited ("Hengqin Machinery")

On 17 January 2024, Jinjiang Haina and Hengqin Machinery entered into a framework purchase agreement (the "**Hengqin Purchase Agreement**"), pursuant to which Jinjiang Haina agreed to purchase machine parts from Hengqin Machinery for its own use in manufacturing from time to time. The prices are determined by the following factors, including but not limited to, (i) the terms are determined on normal commercial terms after arm's length negotiation by the parties; (ii) the terms shall be no less favourable than the terms offered by independent third parties; and (iii) the price should be no less favourable than the prevailing market price. Before entering into the separate agreement, Jinjiang may request Hengqin Machinery to provide detailed quotations to consider whether to accept the terms or quotations by Hengqin Machinery.

The Hengqin Purchase Agreement shall commence from 17 January 2024 until 31 December 2026.

REPORT OF THE DIRECTORS

The annual cap for the transactions contemplated under the Hengqin Purchase Agreement will not exceed (excluding value-added tax) RMB10.0 million for the period from 17 January 2024 to 31 December 2024 and each of the two years ending 31 December 2026.

Hengqin Machinery is a limited liability company established in the PRC, and is wholly-owned by three relatives of Mr. Su. As such, Hengqin Machinery is a connected person of the Company under Chapter 14A of the Listing Rules.

During the Reporting Period, the amount of transactions conducted under the Hengqin Purchase Agreement was approximately RMB1.9 million.

Framework agreement entered into between the Group and Guangdong Imiko Intelligent Equipment Co., Ltd. (“Guangdong Imiko”)

On 30 November 2023, Jinjiang Haina and Guangdong Imiko entered into a framework procurement agreement, pursuant to which Jinjiang Haina and Guangdong Imiko entered into the agreements in relation to (i) the procurement of diaper automatic packaging equipment (the **“Diaper Automatic Packaging Equipment Procurement Agreements”**); and (ii) the procurement of components and parts of packaging equipment (the **“Components and Parts Procurement Agreements”**). Pursuant to the Diaper Automatic Packaging Equipment Procurement Agreements, Jinjiang Haina will purchase diaper automatic packaging equipment from Guangdong Imiko, subject to the pricing principles and annual cap of the procurement amount. Pursuant to the Components and Parts Procurement Agreements, Jinjiang Haina will purchase components and parts of packaging equipment from Guangdong Imiko, subject to the pricing principles and annual cap of the procurement amount.

The prices for the transactions contemplated under the Imiko Equipment Procurement Agreements (i.e. collectively the Diaper Automatic Packaging Equipment Procurement Agreements and the Components and Parts Procurement Agreements) shall be determined on the manner of (a) the prices shall not be higher than the price at which Guangdong Imiko supplies the same or similar products to independent third parties (as defined under the Listing Rules); (b) the prices shall be the reasonable prices of the same model of the products that the Group and/or its subsidiary purchased from independent third parties (as defined under the Listing Rules), provided that such reference models can meet the technical specifications and quality standards required by the Group; and (c) if the prices referred to in (a) and (b) above are unavailable, the prices will be determined with reference to actual costs plus applicable taxes and profits (ranged from approximately 5% to 10%).

The annual caps for the transactions contemplated under the Imiko Equipment Procurement Agreements will not exceed RMB1 million, RMB10 million and RMB10 million for the period from 30 November 2023 to 31 December 2023 and each of two financial years ended 31 December 2025 respectively.

Mr. Huang Wei (**“Mr. Huang”**) is the ultimate controlling shareholder of Guangdong Imiko, a company established in the PRC and indirectly owned as to 86.5% by Mr. Huang. Mr. Huang is also the controlling shareholder of Aopusi Intelligent Packaging System (Foshan) Co., Ltd. (**“Aopusi”**), an indirect subsidiary of the Company established in the PRC and owned as to 45% by Mr. Huang. Therefore, Mr. Huang is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. As Guangdong Imiko is an associate of Mr. Huang, Guangdong Imiko is considered a connected person of the Company at the subsidiary level under the Listing Rules.

During the Reporting Period, the amount of transactions conducted under the Imiko Equipment Procurement Agreements was approximately RMB4.3 million.

REPORT OF THE DIRECTORS

Framework agreement entered into between the Group, Guangdong Imiko and Foshan Houdao Packaging Equipment Co., Ltd. (“Foshan Houdao”)

On 30 November 2023, the Group, Guangdong Imiko and Foshan Houdao entered into a framework supply agreement, pursuant to which they entered into several agreements, the details are shown as below:

- (i) Jinjiang Haijia and Guangdong Imiko entered into the agreement in relation to the supply of soft paper drawing single packaging equipment (the **“Soft Paper Drawing Single Packaging Equipment Supply Agreement”**). Pursuant to the Soft Paper Drawing Single Packaging Equipment Supply Agreement, Jinjiang Haijia will supply soft paper drawing single packaging equipment to Guangdong Imiko, subject to the pricing principles and annual cap of the sales amount;
- (ii) Jinjiang Haituo and Guangdong Imiko entered into the agreements in relation to the supply of components and parts of equipment (the **“Components and Parts Supply Agreements”**). Pursuant to the Components and Parts Supply Agreements, Jinjiang Haituo will supply components and parts of equipment to Guangdong Imiko, subject to the pricing principles and annual cap of the sales amount; and
- (iii) Aopusi and Foshan Houdao entered into the agreements in relation to the supply of robotic arms (the **“Robotic Arm Supply Agreements”**). Pursuant to the Robotic Arm Supply Agreements, Aopusi will supply robotic arms to Foshan Houdao, subject to the pricing principles and annual cap of the sales amount.

The prices for the transactions contemplated under the Imiko Equipment Supply Agreements (i.e. collectively the Soft Paper Drawing Single Packaging Equipment Supply Agreement, the Components and Parts Supply Agreements and the Robotic Arm Supply Agreements) shall be based on a cost-plus pricing model. In determining the selling prices of the products, the Group takes into consideration an array of factors, including (i) the calculation of costs, which include the costs of raw materials, production costs, labour costs and operating costs (such as administration fees, profits and taxes); (ii) the estimated gross profit of its products and services for such year, which ranges from approximately 15% to 25%, and the estimated market demand in such year; and (iii) the profitability, market competitiveness and brand position of the Group.

The annual caps for the transactions contemplated under the Imiko Equipment Supply Agreements will not exceed RMB1.6 million, RMB10 million and RMB10 million for the period from 30 November 2023 to 31 December 2023 and each of the two financial years ended 31 December 2025 respectively.

Foshan Houdao is a company established in the PRC and wholly-owned subsidiary of Guangdong Imiko. As Mr. Huang is the ultimate controlling shareholder of Guangdong Imiko, both Guangdong Imiko and Foshan Houdao are associates of Mr. Huang and considered a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules.

During the Reporting Period, the amount of transactions conducted under the Imiko Equipment Supply Agreements was approximately RMB38,000.

The above transactions under the Shengrong Purchase Agreement, the Hengqin Purchase Agreement, the Imiko Equipment Procurement Agreements and the Imiko Equipment Supply Agreements constituted continuing connected transactions of the Company and are subject to the reporting, announcement and annual review requirement under Rule 14A.76(2) of the Listing Rules, but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

REPORT OF THE DIRECTORS

The Board has engaged the external auditor of the Company, Forvis Mazars CPA Limited, to report on the continuing connected transactions (the “**Disclosed CCTs**”) in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. Based on the work performed, Forvis Mazars CPA Limited has confirmed in its letter to the Board that nothing has come to its attention which causes it to believe that:

1. the Disclosed CCTs have not been approved by the Board;
2. the Disclosed CCTs were not entered into, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group;
3. the Disclosed CCTs were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
4. the Disclosed CCTs have exceeded the maximum aggregate annual cap as set by the Company.

The independent non-executive Directors had reviewed the above continuing connected transactions pursuant to Rule 14A.55 of the Listing Rules and confirmed that the transactions had been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better; and
- (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

All the connected transactions and continuing connected transactions with disclosure requirements under the Listing Rules during the Reporting Period were set out in note 34 to the consolidated financial statements. The Directors confirm that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period, (i) the Group’s five largest customers accounted for approximately 27.6% of our total revenue, with the largest customer accounted for approximately 8.1%; and (ii) the Group’s five largest suppliers accounted for approximately 23.6% of our total purchases, with the largest supplier accounted for approximately 9.1%.

None of the Directors or any of their associates or any Shareholders (which, to the best knowledge of the Directors, owned more than 5% of the Company’s issued share capital (excluding treasury shares)) had any beneficial interest in the Group’s five largest customers or five largest suppliers.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on pages 165 to 166 of this annual report. This summary does not form part of the audited consolidated financial statements.



REPORT OF THE DIRECTORS

PUBLIC FLOAT

During the Reporting Period and as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

ANNUAL GENERAL MEETING

The forthcoming AGM will be held on Friday, 29 May 2026 ("**2026 AGM**") and the notice of 2026 AGM will be published and despatched to the Shareholders in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining Shareholders who are entitled to attend and vote at the 2026 AGM, the register of members of the Company will be closed from Tuesday, 26 May 2026 to Friday, 29 May 2026, both days inclusive, during which period no transfer of shares of the Company will be registered.

In order to qualify for attending the 2026 AGM, all transfers, accompanied by the relevant share certificates, have to be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 22 May 2026.

AUDITOR

The consolidated financial statements for the Reporting Period have been audited by Forvis Mazars CPA Limited, Certified Public Accountants ("**Forvis Mazars**"). Forvis Mazars will retire, and being eligible, offer themselves for re-appointment. A resolution for their re-appointment as the auditor of the Company will be proposed at the 2026 AGM.

From the incorporation of the Company and up to the date of this annual report, there has been no change in the Company's auditor.

On behalf of the Board

Mr. Hong Yiyuan

Chairman

Hong Kong, 27 March 2026

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

This Environmental, Social and Governance Report (the “**ESG Report**”) summarises the environmental, social and governance (“**ESG**”) initiatives, plans and performance of Haina Intelligent Equipment International Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) and demonstrates its commitment to sustainable development.

The Group is principally engaged in the design and production of automated machines for manufacturing disposable hygiene products, including baby diapers, adult diapers, lady sanitary napkins and wet wipes. For the year ended 31 December 2025 (the “**Year**” or “**Reporting Period**”), the Group has two production bases: Jinjiang Production Base and Hangzhou Production Base, with a total gross floor area of approximately 150,123.09 square meters. Among them, the Jinjiang Production Base has a total gross floor area of 72,581.91 square meters, while the Hangzhou Production Base has a total gross floor area of 77,541.18 square meters (with approximately 32,126.65 square meters for self-use and the remaining area intended for external leasing). The Jinjiang Production Base and Hangzhou Production Base operate 18 and 9 production lines respectively.

The Group implements the principles of sustainable development at business levels, including but not limited to daily operations, strategic planning, investment, etc. Through adhering to the management policies of sustainable ESG development, the Group is committed to treating the Group’s ESG affairs effectively and responsibly, which has become a core part of the Group’s business strategy, as the Group believes this is the key to the Group’s continued success in the future.

BOARD STATEMENT

To strengthen our management on sustainable development, an ESG governance structure was established. The Board takes full accountability for the Group’s ESG governance and sustainable development. They are responsible for monitoring the Group’s materiality issues, performance, and evaluating the ESG-related risks and opportunities regularly. Under the authorization of the Board, the ESG committee considers and evaluates various stakeholders’ concerns and interests by materiality assessment to determine the Group’s ESG management approach, strategy, priorities, and objectives. The Group has set related ESG targets. In the future, we will conduct a progress review under the goals and improve the work of sustainable development.

THE ESG GOVERNANCE STRUCTURE

The Group has established the ESG task force (the “**Task Force**”). The Task Force comprises core members from different departments of the Group and is responsible for collecting relevant information on our ESG aspects for the preparation of the ESG Report. The Task Force reports to the board of directors (the “**Board**”), assists in identifying and assessing the Group’s ESG risks, and assesses the effectiveness of the Group’s ESG internal control mechanism. The Task Force will also examine and assess our performances in different aspects such as environment, health and safety, labour standards, and product and service responsibility in the ESG area. The Board acknowledges that it has the overall responsibility for the Group’s ESG strategy and reporting, sets the general direction of the Group’s ESG strategy and ensures the effectiveness of ESG risk control and internal control mechanism. The Board receives regular reports from the Task Force and compares the progress reported by it against the ESG-related goals and targets as set out in this ESG Report, and also how the goals and targets complement and support the Group’s strategic development efforts. Risks and challenges identified by the Task Force are prioritized and addressed through action plans on a timely basis, with an ultimate aim to reduce risks faced by the Group on ESG matters, improve the Group’s operations and future development directions, and enhance the Group’s ESG compliance culture in the long-run.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SCOPE OF REPORTING

As the disposable hygiene product machinery industry is the Group's largest source of revenue, unless otherwise stated, the ESG Report mainly covers the business operation of the Group's disposable hygiene product machinery industry in Mainland China which the Group directly managed and controlled, representing approximately 90.7% of our total revenue of the Reporting Period. Since the Group's office in Hong Kong does not have a significant impact on the environment, the environmental part of the report does not include the office in Hong Kong. The Group continues to assess the significant ESG areas of different businesses and substantial subsidiaries to determine whether it is necessary to include them in the ESG reporting. The scope of the ESG Report is consistent with that of previous year.

REPORTING FRAMEWORK

The ESG Report is prepared pursuant to the Environmental, Social and Governance Reporting Code under Appendix C2 to the Main Board Listing Rules of the Stock Exchange of Hong Kong Limited (the "ESG Reporting Code"). The Group has complied with all "comply or explain" provisions set out in the ESG Reporting Guide and followed the four reporting principles – materiality, quantitative, balance and consistency, in the preparation of the ESG Report. The corporate governance practices of the Group are set out in the Corporate Governance Report on pages 14 to 26 of this annual report.

Reporting Principles	Interpretation	The Group's Application
Materiality	– This Report should disclose the issuer's significant impacts on the environment and society, or issues that materially affect how the stakeholders assess the Group and make decisions.	– The Group conducts questionnaire to understand stakeholders' expectations. Based on the results of the questionnaire, the Group identifies and reports the Group's material sustainability issues.
Quantitative	– The KPIs disclosed in this Report shall be calculable and comparable where applicable.	– Under feasible situation, the Group records, calculates and discloses quantitative data and conducts comparisons with past performance.
Balance	– The Group should objectively and truthfully report its ESG performance for the year.	– The Group follows the principles of accuracy, objectivity and fairness to report its achievements and challenges in sustainable development.
Consistency	– The ESG Report should be prepared in a consistent manner, its ESG 's KPIs can be compared to understand corporate performance.	– The Group ensures consistency in preparing the report and manage its ESG data for future comparison.

REPORTING PERIOD

The ESG Report describes the ESG activities, challenges and measures of the Group for the period from 1 January 2025 to 31 December 2025.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDER ENGAGEMENT

The Group places emphasis on stakeholders and their opinions on the business and ESG issues of the Group. To understand and respond to stakeholders' concerns, the Group stays in close communications with key stakeholders including investors, employees, customers, suppliers and subcontractors, social communities and the public. While formulating operational strategies and ESG measures, the Group considers the expectations of stakeholders and continuously improves its performance through cooperation, thus creating greater value for society.

Through different stakeholder engagements and communication channels, the Group will take into account stakeholders' expectations in the Group's operation and ESG strategy. The stakeholder engagements and communication channels and their expectations are as follows:

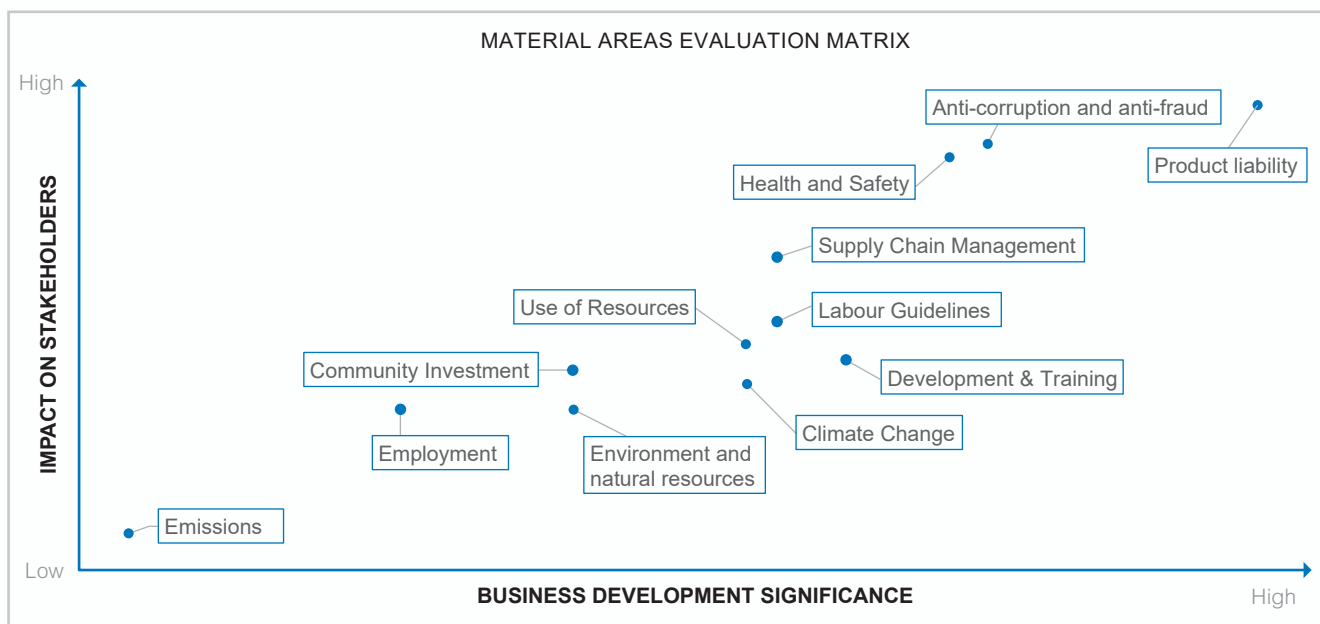
Stakeholders	Communication channels	Expectations
Investors and shareholders	• Annual general meeting and other general meetings • Financial reports • Announcements and circulars • WeChat or video conference	• Safeguard legal rights • Announce update information of the corporate in a timely manner • Financial results • Improve internal control and risk management • Corporate sustainable development
Employees	• Training and seminars • Regular performance evaluation • Internal announcements and communication	• Healthy and safe working environment • Equal promotion opportunity • Salary and benefits • Career development
Customers	• Customer satisfaction surveys • Customers service hotline and email • Customer service manager • WeChat or tele-conference	• Safe and high quality products and services • Customer privacy protection • Compliance operation
Suppliers and subcontractors	• Site visits • Supplier performance assessments • WeChat or tele-conference	• Fair and open competition • Commercial ethics and reputation • Cooperation with mutual benefits
Communities and the public	• Community Investment • ESG reports	• Support charitable activities • Perform environmental protection • Provide high quality health services • Provide open and transparent information

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT

In order to better understand stakeholders' opinions and expectations on the Group's ESG performance, the Group has adopted a systematic approach to conduct the annual materiality assessment, by inviting the relevant stakeholders to participate in the materiality survey and rate the potentially significant issues, and taking the Group's business development strategies and industry practices as reference. The Group analysed the results of the materiality survey into a materiality matrix. The identified significant issues and stakeholder concerns will be reviewed and discussed with the management and disclosed in the ESG Report. During the Year, the Group's materiality matrix was as follows:

THE GROUP'S MATERIALITY MATRIX DURING THE YEAR



CONTACT US

The Group welcomes stakeholders to provide their opinions and suggestions. You can provide valuable advice and suggestions in respect of the ESG Report or the Group's performance in sustainable development by the following means:

Address: Anhui Base, Quanzhou Intelligent Equipment Manufacturing Industrial Park, the PRC

Email: project.harmony@fjhaina.com

Telephone: (86) 595 85617878

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. ENVIRONMENTAL

A1. Emissions

Environmental protection policy and compliance issues

The Group adheres to the strategy of sustainable development in its operations, focuses on sound environmental management, and strives to protect the environment in order to fulfill the Group's commitment to social responsibility.

During the Year, the Group did not identify any material non-compliance of relevant local environmental laws and regulations in relation to exhaust gas and GHG emissions, water and land discharge, and the generation of hazardous and non-hazardous wastes that have a significant impact on the Group.

The Group regularly tracks the latest national and regional environmental protection laws and regulations, and uses them as a basis to focus on strengthening the measures of environmental protection, and to comply with relevant laws and regulations of the local government and implement environmental policies. The Group complies with relevant laws in Mainland China including but not limited to the Environmental Protection Law of the People's Republic of China, the Law of the PRC on the Prevention and Control of Atmospheric Pollution, the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste, the Law of the PRC on the Prevention and Control of Water Pollution, the Regulations of the People's Republic of China on the Prevention and Control of Noise Pollution, the Environmental Impact Assessment Law, and the Regulations on the Environmental Protection Management of Construction Projects. The Group has been awarded the ISO14001:2015 environmental management system certification.

During the business operations of the Group, in addition to exhaust gas emissions and sewage discharge, solid waste emissions and noise pollution will also be generated during the construction of its production bases, which may have a potential impact on the environment and may also cause related compliance risks to the Group. Therefore, the Group has formulated the Environmental Protection and Safety System to effectively control and orderly manage solid wastes and noise pollution generated during construction and production, and supervise the implementation of environmental protection measures by various departments to prevent and reduce the influence of pollution on the environment to protect and improve the environment, and to protect the health of employees, in order to meet the Group's environmental goals and guidelines.

The responsible personnel of the Group's environmental affairs will supervise the implementation of the above measures and related environmental protection policies. All departments endeavour to implement the Group's environmental protection policies under strict supervision and guidance to ensure that all business processes comply with legal requirements. Environmental protection personnel at all levels will continue to review the Group's policies and their implementation procedures, report to the management appropriately, and propose measures if necessary. In the event of an abnormal pollution discharge caused by unexpected events during operation, the person in charge should immediately take emergency measures to prevent the pollution from expanding, and report to the management in a timely manner for better coordination.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In addition, the Group advocates energy saving and carbon reduction, and is committed to achieving sustainable operations. To this end, we have set preliminary directional targets in terms of reducing emissions in order to achieve emissions reduction in exhaust gas and waste during the Reporting Period. The Group will review the progress and explore more opportunities for various environmental protection goals. In the future, we will set more specific quantitative environmental goals to nurture the environment and cherish natural resources.

Environmental aspects	Target
Exhaust Gas Emissions	The Group will actively implement the exhaust gas control plan and measures to maintain or reduce the intensity of exhaust gas emissions.
Waste Reduction	The Group will actively implement the material-saving plan and measures to maintain or reduce the intensity of waste production.

Exhaust gas emissions

The exhaust gas emissions generated during the business operations of the Group mainly come from vehicle emissions. The reason for the slight increase in total exhaust gas emissions in 2025 compared to 2024 is that the company purchased new business-purpose vehicles for business expansion, leading to an increase in vehicle usage. The Group has incorporated the section “Management System for Official Vehicles” into the Employee Handbook, which includes that drivers are responsible for vehicle maintenance and frequent inspections of vehicle oil and gasoline to ensure that engine performance does not hinder the effective use of fuel and cause waste. The Group has taken the following measures to reduce emissions from vehicle exhaust:

- Turn off the engine when the vehicle is not in use;
- Use unleaded fuel and low-sulphur fuel according to the laws and regulations;
- Eliminate non-compliant vehicles in accordance with national emission policy regulations; and
- Optimise operational procedures to increase efficiency and reduce vehicle idling rates.
- Reduce the use of official vehicles when not necessary (e.g. for short distances, use public transportation)

The employees’ awareness of reducing exhaust gas emissions has been increased through the above measures.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The overview of exhaust gas emissions performance of the Group during the Year and the corresponding period was as follows:

Types of exhaust gas	Unit	2025 Emissions	2024 Emissions
Nitrogen Oxide (NO _x)	Kg	251.98	244.08
Sulfur Oxide (SO _x)	Kg	0.36	0.47
Particulate Matter (PM)	Kg	23.13	22.20

Waste Management

Hazardous Wastes

During the Year, with the technological upgrade of production processes and optimisation of business structure among the subsidiaries, certain processes began to use specialised processing media such as cutting fluids and lubricants, mainly including waste cutting fluid/coolant and waste hydraulic oil/lubricating oil. All hazardous wastes are classified and collected, stored in designated areas, and disposed of by qualified third-party hazardous waste service providers in accordance with national and local hazardous waste management requirements.

Types of Hazardous Waste	Unit	2025 Emissions	2024 Emissions
Waste cutting fluid/coolant	Tonnes	14.65	—
Waste hydraulic oil/lubricating oil	Tonnes	0.65	—
Total hazardous waste emissions	Tonnes	15.30	—
Intensity of total hazardous waste emissions ¹	Tonnes/revenue RMB million	0.03	—

Note:

- During the Year, the Group's total revenue amounted to approximately RMB490.8 million. This figure is also used for calculating other intensity metrics.

Non-hazardous wastes

General non-hazardous waste generated during the operation of the Group includes paper, machine debugging waste, scrap cardboard, scrap iron and other domestic waste. After collection and classification, such wastes will ultimately be collected and processed by qualified sanitation departments or professional recycling units. Through applying the four basic waste reduction principles of reduce, reuse, recycle and replace, the Group also strives to create a green office and operating environment, where recyclable waste is collected and handed over to qualified recyclers for regeneration and reuse.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

At the same time, the Group advocates paper reuse and is committed to establishing a paperless office environment. Employees are required to make full use of online systems to minimise the need for printing and photocopying files, thus reducing paper usage, and are encouraged to use double-sided printing and recycled paper wherever possible. The Administrative Management Department is responsible for monitoring paper consumption and implementing a unified recycling system for waste paper. However, due to business expansion and increased internal management documentation requirements, paper usage increased during the Year. The amount of paper processed during the Year was 5.45 tonnes, representing a rise compared to the previous year. In response, the Group will further enhance the application of electronic workflow systems and document archiving mechanisms, strengthen staff training to raise awareness of paper reduction, and continue to promote paperless office practices.

The amounts of scrap cardboard, scrap iron and machine debugging waste processed by the Group also recorded an increase during the Year as compared with the previous year. The main reasons include: an increase in procurement volume from suppliers as a result of the Group's strong business development during the Year, as well as additional packaging waste generated during the upgrade and relocation of production facilities; moreover, during the upgrade and relocation of production facilities, the Group conducted a one-off centralised clearance and classification of obsolete machine parts and metal waste accumulated over the years during production and R&D testing processes, which further contributed to the increase in scrap cardboard, scrap iron and non-hazardous waste statistics for the Year. All related waste was collected and classified before being transferred to qualified recyclers or sanitation units for compliant treatment and recycling. The Group strictly complies with environmental protection requirements to ensure that waste treatment and recycling processes are conducted in accordance with regulations, and continues to optimise resource utilisation to reduce environmental impact.

During the Year and the corresponding period, the Group's non-hazardous wastes disposal performance was summarized as follows:

Types of non-hazardous wastes	Unit	2025 Disposal	2024 Disposal
Paper	Tonnes	5.45	2.16
Machine debugging waste	Tonnes	461.82	384.00
Scrap cardboard	Tonnes	13.01	3.67
Scrap iron	Tonnes	716.91	267.00
Total non-hazardous wastes	Tonnes	1,197.19	656.83
Intensity of total non-hazardous wastes	Tonnes/revenue RMB million	2.44	1.78

Sewage discharge and treatment

The Group discharges domestic sewage from employees during daily operations. The discharged domestic sewage will be processed in a level 3 septic tank and then be sent to the regional sewage treatment plant through the municipal sewage pipe network.

Since the Group's sewage is discharged into the municipal sewage pipeline network for processing in a regional water purification plant, the amount of the Group's water consumption represents the wastewater discharge volume. The data of water consumption discharge volume will be described in the section headed "Water Consumption" under aspect A2.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A2. Use of resources

The Group's production facilities and business operation strictly abide by the laws and regulations of the PRC, including but not limited to the Energy Conservation Law of the PRC and other laws and regulations. The Group aims to actively promote the effective use of resources, monitor the potential impacts of business operations on the environment in real time, and create a green office and operating environment, to minimise the Group's environmental impacts and enhance environmental sustainability. The Group manages the use of water, electricity and other resources, measures usage statistics on monthly basis, focus on the management of major energy-consuming equipment, and standardises equipment operation procedures to accomplish full and effective use of energy.

Energy consumption

The major energy consumption of the Group during its daily operation is operational electricity consumption. For electricity consumption, the Group has formulated rules and policies to achieve the goal of electricity-saving and effective use of electricity. Except for the energy-saving measures mentioned in the section headed "GHG Emissions" under aspect A1, the Group installed LED energy-saving lamps in all lighting areas, and instils the consciousness of energy conservation and environmental protection into the work and life of every employee through measures such as posting power-saving slogans. In addition, the Group has gradually replaced obsolete equipment with energy-saving certified alternatives to reduce energy consumption. For measures controlling the consumption of gasoline and diesel, please refer to the section headed "Exhaust Gas Emissions" under aspect A1. The employees' awareness of energy-saving has been increased through these measures.

The energy consumption performance of the Group during the Year and the corresponding period was summarised as follows:

Types of energy	Unit	2025 Consumption	2024 Consumption
Gasoline	MWh	196.89	263.41
Diesel	MWh	42.15	43.83
Total direct energy consumption	MWh	239.04	307.24
Electricity	MWh	4,203.75	3,684.56
Total indirect energy consumption	MWh	4,203.75	3,684.56
Total energy consumption	MWh	4,442.79	3,991.80
Intensity of total energy consumption	MWh/revenue RMB million	9.05	10.80

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Water consumption

Due to the favourable water supply conditions and well-developed public water supply facilities in the regions where the Group's office premises and production plants are located, the Group does not encounter any material difficulty or risk in sourcing water that is fit for purpose. The water consumption of the Group is mainly employees' domestic water usage. The Group has been strengthening its water-saving promotion by encouraging all employees and customers to develop the habit of conserving water consciously and guiding employees to use water reasonably. To improve the Group's water efficiency, the Group takes the following measures:

- Use water-saving appliances as much as possible;
- Turn off water tap after use to prevent running, overflowing, dripping and leaking water;
- Set more water meter to monitor the water consumption. Once irregularity is found, the case should be reported timely to the relevant departments so as to prevent wastage of water resources;
- Inspect the pipes regularly to check and repair any broken pipes; and
- Post water-saving signs in pantry and washrooms to remind employees of water conservation.

The employees' awareness of water-saving has been increased through these measures.

During the Year and the corresponding period, the Group's water consumption performance (i.e. sewage discharge) was summarised as follows:

	Unit	2025 Consumption	2024 Consumption
Water consumption	m ³	17,091.50	16,540.00
Intensity of water consumption	m ³ /revenue RMB million	34.82	44.74

Use of packaging materials

The packaging materials that the Group mainly used for the products include wooden box and stretch film. During the Year and the corresponding period, the Group's packaging materials consumption was summarised as follows:

Packaging materials	Unit	2025 Consumption	2024 Consumption
Wooden box	Tonnes	24.31	11.05
Stretch film	Tonnes	44.87	48.50

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In addition, the Group advocates energy saving and carbon reduction, and is committed to achieving sustainable operations. To this end, we have set preliminary directional targets in terms of energy use efficiency and water efficiency during the Reporting Period. The Group will review the progress and explore more opportunities for various environmental protection goals. In the future, we will set more specific quantitative environmental goals to protect the environment and cherish natural resources.

Environmental aspects	Target
Energy Conservation	The Group will actively implement the electricity-saving plan and measures to maintain or reduce the intensity of electricity consumption.
Water Conservation	The Group will actively implement the water-saving plan and measures to maintain or reduce the intensity of water consumption.

The Group has set a goal for 2026 to reduce the energy and water consumption intensity each by 3%.

A3. The environment and natural resources

The Group pursues environmental best practices and focuses its business impact on the environment and natural resources. We are accredited with the ISO14001:2015 (Environmental Management Systems Certificate). In addition to complying with environmental related regulations and international standards to appropriately protect the natural environment, the Group has integrated the concept of environmental protection into its internal management and daily operational activities and is committed to achieving environmental sustainability. The Group is aware of our responsibility to minimize the negative impact of our business operations on the environment in order to achieve sustainable development and create long-term value for our stakeholders and the community. The Group continuously monitors whether our business operations have any potential impact on the environment and minimises the impact of our operations on the environment by promoting green offices.

Noise management

The Group is aware that the nature of our business may cause noise pollution. Therefore, the Group has implemented a number of measures to reduce noise levels to ensure that the quality of life of neighboring residents will not be severely disturbed. The Group strictly implements the Regulations of the People's Republic of China on the Prevention and Control of Noise Pollution to control noise pollution and compile annual noise inspection reports. If circumstances permit, the Group will use noise suppression device and conduct regular maintenance. Through these measures, the Group is committed to minimising the negative impact on the surrounding residents.

A4. Climate change

The profound evolution of the global climate landscape has introduced new requirements for the strategic resilience of manufacturing enterprises. To prospectively manage the financial impacts related to climate change, the Group conducted a climate scenario analysis during the Reporting Period with reference to the framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD). This analysis aims to assess the resilience of the Group's business model and core assets under different climate scenarios, identify potential financial risks, and integrate the relevant insights into the Company's governance, strategic planning and overall risk management system, thereby ensuring the Group's sustainable operations and long-term value. For the purposes of this report, the Group defines the time horizons for climate-related risks and opportunities as follows: short term refers to a period of one to three years; medium term refers to a period of three to ten years; and long term refers to a period of ten years or more. These definitions are consistent with the Group's business strategy planning cycle.

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To more accurately identify and analyse the potential physical and transition risks that the Group may face, the Group made reference to the Shared Socioeconomic Pathways (SSP1-1.9 and SSP5-8.5) formulated by the Intergovernmental Panel on Climate Change (IPCC). Through conducting climate scenario analysis based on different levels of increase in global average temperature, we are able to assess the extent to which various climate-related risks may affect our business, strategy and financial performance, and accordingly establish relevant policies and strategies to further enhance our capability to respond to climate change.

Given that the Group's existing reporting systems mainly focus on monitoring operational performance, and the internal accounting and data collection frameworks are not yet able to separately identify climate-related financial expenditures with sufficient precision, the Group has, in accordance with the relevant requirements of the Stock Exchange, applied the following relief measures during the Reporting Period:

- **Financial impact relief:** The Group currently assesses climate impacts in a qualitative manner and has not yet incorporated quantified financial data.
- **Capability relief:** The Group evaluates climate resilience through qualitative scenario analysis rather than adopting complex financial modelling approaches, which is more proportionate to the Group's current level of resource allocation.
- **Reasonable information relief:** Certain value chain data (such as some categories of Scope 3 greenhouse gas emissions) have not been disclosed during the Year, as such data could not be obtained without incurring undue cost or unreasonable effort.

Climate Scenario	Low-risk Scenario SSP 1-1.9	High-risk Scenario SSP 5-8.5
Scenario Description	• Rapid global phase-out of fossil fuels, achieving global net-zero CO₂ emissions around 2050, with renewable energy becoming mainstream and widespread electrification. • Large-scale afforestation. • Accelerated development and deployment of low-carbon technologies, including energy storage, hydrogen, and carbon capture and storage. • Robust global cooperation with stringent and effective climate policies, guiding consumer behaviour toward low-carbon alternatives.	• Continued reliance on abundant and globally interconnected fossil fuel resources. • Active technological innovation primarily focused on improving efficiency in energy extraction and consumption rather than adopting low-carbon alternatives. • Absence of an effective global carbon pricing mechanism or binding international climate agreements. • Narrowing global income inequality and increasing investment in human capital.
Estimated Temperature Increase	Global warming limited to below 2° C by 2100	Global warming reaching 4.4° C by 2100

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Identified Key Risks

Based on the above scenario analysis, and taking into account the characteristics of the Group as a precision equipment manufacturer (with production bases concentrated in the southeastern coastal region), the following climate-related risks with potential material impacts have been identified.

Category	Risk Description	Potential Impact	Mitigation Measures
Physical Risk – Acute (short term)	Precision manufacturing equipment affected by extreme temperature and humidity: precision equipment at the Jinjiang and Hangzhou production bases (such as CNC machining centres) are sensitive to temperature and humidity. Extreme weather may result in reduced equipment accuracy and higher failure rates.	Decline in product yield, increase in equipment maintenance costs, production interruptions.	Install or upgrade energy-efficient air-conditioning and ventilation systems in precision machining workshops to maintain constant temperature and humidity; strengthen preventive maintenance.
	Long-term high temperatures accelerate equipment ageing and increase energy consumption: prolonged heat may raise cooling and ventilation energy consumption and accelerate the ageing of precision control components.	Systematic increase in energy costs, shortened equipment lifecycle, increased maintenance expenses.	Invest in high-efficiency and energy-saving cooling system upgrades; establish maintenance models based on climate conditions.
Physical Risk – Chronic (medium term to long term)	Heat stress risk for employees: persistently high temperatures in production workshops during summer may lead to heatstroke and heat fatigue, affecting employee health and productivity.	Increased employee health risks, higher sick leave rates, reduced labour productivity.	Improve workshop ventilation and cooling facilities; provide heat-prevention supplies; arrange working hours reasonably to ensure adequate rest; conduct health training.
	Carbon disclosure requirements in the supply chain: international brand customers may require suppliers to disclose carbon footprints; failure to comply may result in loss of orders and increased management costs.	Loss of customer orders; additional compliance and administrative costs to meet customer requirements.	Initiate baseline assessment of supply chain carbon footprint; proactively communicate with key customers regarding their environmental requirements and formulate corresponding response plans.
Transition Risk – Market (medium term to long term)	Raw material cost pass-through: global carbon pricing mechanisms may raise costs of raw materials such as steel and aluminium, thereby putting persistent pressure on profit margins.	Rising production costs and pressure on gross profit margin.	Negotiate with suppliers to jointly address cost pressures; enhance product design by exploring material reduction and substitution solutions.
Transition Risk – Reputational (short term to medium term)	Lagging ESG ratings: underperformance in major ESG ratings may affect investor confidence and reduce access to favourable green financing rates.	Impaired investor relations, increased financing costs.	Establish a dedicated team to monitor ESG rating criteria and implement targeted improvements; proactively provide ESG information to rating agencies.



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Risk Management

The Group has incorporated climate-related risks into its enterprise risk management framework. We identify risks through regular scenario analysis and policy scanning, and conduct qualitative assessments to determine prioritisation; mitigation measures and resource allocation are developed for medium and high risks; and regularly monitoring and reporting are carried out to ensure that risks and corresponding response actions are effectively tracked and managed.

Metrics and Targets

To measure and manage environmental performance, the Group has commenced systematic tracking of key indicators such as energy consumption and greenhouse gas emissions, and is progressively establishing an environmental management framework covering the Group level and major subsidiaries. The Group's medium- to long-term objective is to continuously reduce greenhouse gas emission intensity and energy consumption intensity through ongoing improvements in energy efficiency, optimisation of operating processes and the promotion of clean energy applications, thereby mitigating the impact of operations on climate change. Looking ahead, the Group will continue to enhance its environmental and carbon emissions data management system and set clearer phased and long-term quantitative emission-reduction targets.

The major sources of the Group's greenhouse gas ("GHG") emissions are direct GHG emissions (Scope 1) arising from the consumption of diesel and gasoline by vehicles, and energy indirect GHG emissions (Scope 2) arising from purchased electricity. In addition to the vehicle-related measures mentioned in the section headed "Exhaust gas emissions" under this aspect, the Group actively adopts electricity conservation and energy-saving measures to reduce GHG emissions during operations, including:

- Installing electricity meters extensively to monitor electricity consumption and detect and avoid abnormal usage in advance;
- Using energy saving equipment, appliances and lighting in offices;
- Prohibiting idle running of equipment and unreasonable electrical wiring layouts;
- Turning on electrical equipment, including lighting equipment, air conditioners and fans, during business hours depending on actual needs, and encouraging employees to turn off the power when not in use or before off duty;
- Strictly regulating the use of air conditioners, ensuring that the temperature is not set lower than the default temperature setting; and
- Strengthening the maintenance and inspection of equipment to keep all electronic devices in optimal condition and ensure efficient use of electricity.

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Through the above measures, employees' awareness of emissions reduction has been enhanced.

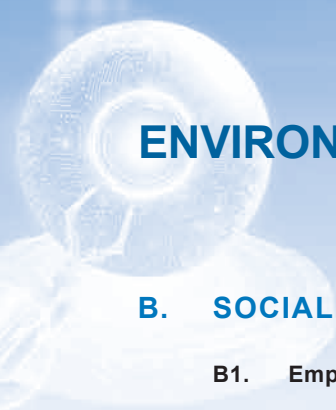
The Board serves as the Group's highest oversight body for climate-related risks and opportunities. A working group is responsible for reporting regularly to the Board on the identification, assessment and progress of responses to climate-related risks and opportunities. The Board takes climate-related risks and opportunities into account when reviewing the Group's strategy and major decisions. The management continuously monitors climate-related risks and opportunities through the working group and coordinates with the various business units to integrate relevant monitoring measures into day-to-day operational management.

During the Year and the corresponding period, the Group's GHG emissions performance was summarised as follows:

Indicator ²	Unit	2025 Emissions	2024 Emissions
Direct GHG emissions (Scope 1)	tCO ₂ e	65.04	83.80
Energy indirect GHG emissions (Scope 2) ³	tCO ₂ e	2,230.51	2,286.27
Other indirect emissions (Scope 3) ⁴	tCO ₂ e	36.61	89.36
Total GHG emissions	tCO ₂ e	2,332.16	2,459.43
Intensity of total GHG emissions	tCO ₂ e/revenue RMB million	4.75	6.65

Notes:

- GHG emission data is presented in terms of carbon dioxide equivalent, and is based on, but not limited to, The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard issued by the World Resources Institute and the World Business Council for Sustainable Development, the latest released regional power grid emission factors in the PRC, "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by HKEX, and the Global Warming Potential Values from the IPCC Sixth Assessment Report (AR6).
- The Group's Scope 2 GHG emissions are calculated on a location basis.
- During the Year, the Group's Scope 3 emissions include other indirect emissions from business air travel. The Scope 3 data related to CO₂ emissions generated from employees' business air travel is calculated with reference to the methodology developed by the International Civil Aviation Organization (ICAO) for emissions from air journeys. The Group will continue to assess the applicability and availability of data for other Scope 3 categories, and will gradually expand the scope of its disclosures.



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B. SOCIAL

B1. Employment

Employees are the greatest and most valuable asset and the core competitive advantage of the Group; therefore, the success of the Group is highly dependent on its capability to attract, cultivate and retain employees. The Group adheres to a people-oriented approach, respects and safeguards the legitimate interests of every employee, standardises labour employment management, and protects employees' occupational health and safety. The Group has also formulated a series of relevant personnel management policies in accordance with relevant laws and regulations to safeguard the vital interests of employees, fully respect and value the proactiveness, motivation and creativity of employees to build harmonious labour relationships and provide employees with a healthy, positive and motivating working atmosphere, and guide employees to actively integrate personal pursuits into the long-term development of the Group.

The Group has complied with all laws and regulations related to remuneration and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination and other compensation and benefits, including but not limited to the Company Law of the People's Republic of China, the Contract Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China, Labour Safeguards Regulations, and Hong Kong Companies Ordinance, Mandatory Provident Fund Schemes Ordinance, Minimum Wage Ordinance and Personal Data (Privacy) Ordinance. During the Year, the Group did not identify any non-compliance of local relevant employment laws and regulations that have a significant impact on the Group.

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As at 31 December 2025, all employees of the Group are full-time employees, and the Group had a total of 500 (2024: 514) employees with the following breakdown:

	2025	Percentage of total headcount	2024	Percentage of total headcount
	Headcount		Headcount	
By gender				
Male	403	81%	404	79%
Female	97	19%	110	21%
By age				
<30	126	25%	122	24%
30-50	284	57%	292	57%
>50	90	18%	100	19%
By employment category				
Senior	24	5%	24	5%
Middle	29	6%	32	6%
Normal	447	89%	458	89%
By geographical region				
Mainland China	492	98.40%	507	98.64%
Hong Kong	6	1.20%	5	0.98%
Macau	1	0.20%	1	0.19%
Singapore	1	0.20%	1	0.19%

Recruitment, promotion, incentive and dismissal

The Group has continuously established and improved its recruitment and selection system. In the recruitment process, the Group standardises the hiring procedures and recruitment principles, adheres to the hiring principles of morality, knowledge, ability, experience and fitness applicable to job positions as well as the principles of justice, fairness, equality, and openness, so as to continuously attract talents.

The Group formulated the Employee Handbook to clarify the rights and obligations of the company's employees. The Group conducts classified management of employees in office and production workshop, clarifies the basis and procedures for personnel promotion, transfer and downgrade management, regulates the resignation and dismissal procedures, and protects the interests of both employees and the Group. The Group has implemented a fair and open evaluation system to provide employees with promotion and development opportunities in accordance with their work performance and internal evaluation results, in order to give priority to promoting employees who have significant contribution and explore their work potential. Through these measures, the Group can achieve the optimal allocation of human resources, provide more opportunities and platforms for the career development of employees, and meet the sustainable development needs of the Group.

The Group has defined a set of reward system in the Employee Handbook to reward employees who have made outstanding contributions to the Group. Employees making constructive suggestions will be rewarded accordingly. In addition, the Group regularly selects outstanding employees and rewards employees with outstanding performance.

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The procedures for dismissal of employees of the Group are listed in the “Employee Handbook” in detail. All resignation procedures must be completed in accordance with the requirements of relevant laws and regulations and occupational regulations. The Group does not permit unreasonable dismissal under any circumstances. The dismissal process will only be carried out on a reasonable basis so as to ensure that the issue has been fully discussed before the formal dismissal.

During the Reporting Period, the turnover rate⁴ of the Group was approximately 42.21%, and turnover rates⁵ of employees by category are as follows:

	2025	2024
By gender		
Male	42.63%	54.36%
Female	40.58%	52.86%
By age		
<30	79.84%	84.62%
30-50	33.68%	44.59%
>50	18.95%	46.06%
By geographical region		
Mainland China	42.64%	54.53%
Hong Kong	—	20.00%
Singapore	100.00%	—

Note:

- The total employee turnover rate is calculated by dividing the total number of employees who left during the year by the average number of employees at the beginning and end of the year, multiplied by 100%.
- The employee turnover rate for each category is calculated by dividing the number of employees who left such category during the year by the average number of employees in such category at the beginning and end of the year, multiplied by 100%.

Remuneration and benefits

The Group has established a fair, equitable, reasonable, and competitive remuneration system for salary payments to employees based on the principle of fairness, competition, incentives, reasonableness, and legitimacy. The remuneration of the Group’s employees comprises basic salary, performance bonus, overtime payment, position subsidy, related subsidies and various bonuses. In addition, the Group conducts annual assessments in accordance with the changes in macroeconomic factors, such as national policies and price levels, industry and regional remuneration levels, changes in the Group’s development strategy, and the overall effectiveness of the Group, and makes corresponding adjustments to staff remuneration.

The Group has signed and executed labour contracts with employees in Mainland China in accordance with the Labour Contract Law of the People’s Republic of China. The signing rate of the labour contracts is 100%. In accordance with the law, the Group legally pays “five social insurance and one housing fund” for its employees, namely endowment insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance, and housing provident fund, to ensure that employees are covered by social insurance.

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The Group safeguards the legitimate interests of labour in accordance with the requirements in Labour Law of the People's Republic of China and related national and local laws and regulations, respects the rights of employees to rest and leave, and regulates their working hours and their rights for various types of rest times and holidays. In accordance with the Labour Law of the People's Republic of China, the Group has formulated the human resources attendance management process in the Personnel Management System. The Group implements a five-day work system and 8 working hours per day. In accordance with Regulations on Paid Annual Leave for Employees and other relevant regulations, the Group implements a paid vacation system for employees. At the same time, overtime wages are paid for any overtime work in accordance with national laws and regulations.

Equal opportunity

The Group strictly complies with national and local government regulations by adopting a fair, just and open recruitment process and developing relevant policies and procedures to eliminate discrimination in the recruitment process, whose employees face no discrimination regardless of race, gender, colour, age, family background, ethnic tradition, religion, physical fitness and nationality, thus allowing them to enjoy a fair treatment in every aspect including recruitment, salary, training and promotion, labour contract termination and retirement, with an endeavour to attract professionals with diverse backgrounds joining the Group. The Group is committed to providing equal opportunities in all respects and maintaining employee diversity, and strongly prohibits any unfair treatment.

B2. Health and safety

The Group regards employees as an important asset of the Group and is committed to creating and maintaining a safe working environment for employees. The Group is accredited with the ISO45001:2018 (Occupational Health and Safety Management Systems Certificate). The Group implements safety management policies, covering production safety, safety training and general safety policies. In addition, the Group provides employees with occupational safety education and training to enhance employees' safety awareness. Slogans and posters are set up around the production base of the Group to remind and enhance safety awareness. The Group also provides health and safety training for each new employee, and provides personal protective equipment such as masks and clean room clothing to operators when necessary.

The Group has complied with all laws and regulations related to providing a safe working environment and protecting employees from occupational hazards, including but not limited to the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, Law of the People's Republic of China on Work Safety, Administrative Measures for the Declaration of Occupational Disease Hazard Projects, and Occupational Safety and Health Ordinance in Hong Kong, and the Employees' Compensation Ordinance in Hong Kong.

During the Year, no non-compliance of local relevant health and safety regulations that have a significant impact on the Group has been identified, and there was no record of any fatality related to work due to accidents.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Year, the data of the Group's work-related injuries and fatalities of the past three reporting years including the Year were listed below:

	2025	2024	2023
Number of Work-Related Fatalities	0	0	0
Rate of work-related fatalities	0%	0%	0%
Number of Work Injuries	23	36	32
Lost days due to work injury	288	261.5	393

The Group always highly prioritises the safety and health of employees, actively taking measures to reduce the occurrence of work-related accidents and mitigate their impact. Meanwhile, the company strictly enforces safety production standards, regularly inspects and maintains equipment to ensure the safety of the working environment.

Occupational safety training

Production safety and quality training

In order to prevent, control and eliminate occupational hazards and occupational diseases, and protect the health of all employees, the Group attaches great importance to occupational hazard protection and related training. The Group formulated the Occupational Health Management System to enhance the safety awareness of the Group's employees so as to improve safety quality, prevent or reduce accidents, and standardize safety education and training. The Group conducts an annual safety knowledge training for managers at all levels, safety management personnel, and engineering and technical personnel, and continuously improves safety awareness, technical quality, and policy understanding and operational capability through assessment. Newly recruited employees of the Group must pass the three-level pre-employment safety education in the factory, workshop, and team, and pass the examination before entering the production position.

B3. Development and training

The Group focuses on corporate internal management training and the establishment of a training and development system. Through multiple training modes of induction training, management personnel training, technical personnel training and pre-employment training, diverse needs of employees at all levels are fulfilled and their skills are enhanced such that they can continue to provide high-quality services to assist the Group's sustainable development while in turn supporting them in personal growth and development.

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During the Year, 73% (2024: 39%) of the Group's employees participated in training, and each employee completed an average of 3.99 hours of training (2024: 3.03 hours). The percentage of employees trained and the average training hours by gender and employee category were as follows:

	2025		2024	
	Percentage of employees trained	Average training hours	Percentage of employees trained	Average training hours
By gender				
Male	70%	4	39%	3
Female	87%	3	40%	3
By employee category				
Senior management	71%	5	46%	4
Middle management	76%	3	97%	5
General employees	73%	4	34%	3

Training management

The Group has developed training-related procedures to regulate the training management of employees. The management formulates annual training proposals every year. The management regularly reviews the effectiveness of different training programmes and courses to help improve the efficiency of the Group's training system. According to the training proposals, the Group evaluates and monitors the implementation of its training courses, striving to provide appropriate training courses for employees across all levels.

Newly recruited employees are required to receive short-term induction training. The contents mainly include the introduction of the Group and the Group's business, the development and trend of the industry, professional basic knowledge, internal corporate organizational structure and management system, and daily conduct standards. The business department will also arrange on-site visits to help the new employees understand corporate culture and systems at a faster pace.

The Group also recognises the importance of occupational safety training to protect the personal safety of employees. The relevant policies have been described in detail in the section headed "**Occupational Safety Training**" under aspect B2.



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B4. Labour standards

Prevention of child labour and forced labour

The Group has complied with all laws and regulations related to the prevention of child labour or forced labour, including but not limited to, the Labour Law of the People's Republic of China, Provisions on the Prohibition of Using Labour of the People's Republic of China, the Law of the People's Republic of China on the Protection of Minors, ILO Convention No. 105 – Abolition of Forced Labour Convention and the Employment Ordinance in Hong Kong.

The Group strictly prohibits the employment of any child labour and forced labour. To prevent any form of child labour in the business operation, employment will only be permitted for staff at the legal age of employment. New employees are required to provide true and accurate personal data when they are employed. Recruiters should strictly review the entry data including medical examination reports, academic credentials, ID cards, household registration, degree certificates and other information. The Group has established comprehensive recruitment procedures to check the background of candidates in order to prevent any child labour or forced labour in operation. Once any violation is found, the Group will follow up in a more serious manner and handle such case in accordance with national and local laws and regulations, and the Group's internal rules depending on the actual situation. For example, we will timely understand the child's education status, and timely contact the local education department and the child's guardian to ensure the child returns home.

The Group and its employees signed legal labour contracts in accordance with laws, which ensures that employees can resign within the terms of their employment contract, so that there is no forced labour. For the use of false information or in violation of the provisions of the Group, the Group will terminate the probation period or the labour contract immediately.

In addition, overtime working of the Group's employees is on a voluntary basis to avoid violation of labour standards and to effectively protect the rights and interests of employees. The Group also prohibits punitive measures, management methods and behaviors such as verbal abuse, physical punishment, violence, and mental oppression on employees for any reason.

During the Year, the Group did not discover any material non-compliance with laws and regulations related to the prevention of child labour or forced labour that had a significant impact on the Group.

B5. Supply chain management

The Group mainly purchases parts and components used in the production of disposable hygiene product machines from suppliers. In addition to the specifications of the required products, price trends, and product demand, the Group also places great emphasis on the management of potential environmental and social risks in the supply chain. The Group has established a rigorous and regulated procurement system and supplier selection procedures, and put forward requirements for suppliers on environmental and social risk control.

In the process of supply chain management, the Group formulated the Procurement Management Process in accordance with the relevant laws and regulations of the People's Republic of China, strengthened the internal control of the procurement business, regulated purchase and approval, procurement and acceptance, payment, etc., to prevent mistakes and fraud in the procurement process so as to minimise the potential environmental and social risks in the supply chain.

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During the Year and the corresponding period, the Group had a total of 656 suppliers (2024: 671), whose regions are classified as follows:

Region	2025 Number of suppliers	2024 Number of suppliers
China	642	668
United States	1	1
Italy	1	1
Spain	—	1
Japan	5	—
India	4	—
Thailand	1	—
France	1	—
Saudi Arabia	1	—

Environmental and social risk management in supply chain

The Group expects suppliers to meet our standards in many aspects such as environment, quality, society, corporate governance, and business ethics. Based on environmental, social and ethical standards, the Group has formulated the Purchasing Management Process to require suppliers to bring a positive impact on environmental and social matters, which covers legal compliance, human rights protection, employee safety and health, social responsibility, business ethics and environmental protection. Suppliers' environmental and social responsibility performance is one of our primary considerations. We will give priority to companies holding ISO14001 environmental management system certification. During the Year, all 656 of the Group's suppliers were required to comply with the environmental and social risk management requirements set out in the Group's Procurement Management Process. We are also concerned about suppliers' social responsibility performance, such as whether the suppliers could provide employees with a safe and healthy working environment, and abide by relevant labour laws and regulations, including preventing and deterring any form of child labour and forced labour.

Fair and open procurement

The Group's procurement process strictly follows the relevant provisions of the Bidding Law of the People's Republic of China and other relevant regulations, and is conducted in an open, fair and impartial manner. The Group will not discriminate against any suppliers, and does not permit any corrupt or bribery-related practices, and employees and other individuals with interests in relevant suppliers will not be permitted to participate in related procurement activities. The Group focuses on the integrity of its suppliers and partners. The Group will only select suppliers and partners who have good business records in the past and have not committed any serious violations nor engaged in unethical business practices.

B6. Product responsibility

The Group places great emphasis on the quality of products and services and corporate reputation. The Group also actively ensures the quality of its products and services through internal controls and is committed to providing products and services that meet industry standards. The Group has also been maintaining communication with its customers to ensure that it understands and cater to customers' needs and expectations. The Group is also willing to understand the degree of satisfaction of its customers so as to continuously improve its product quality.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group strictly complies with relevant laws and regulations, including but not limited to the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, the Advertising Law of the People's Republic of China and other consumer protection laws and regulations. Since the Group does not sell products in Hong Kong, it does not involve Hong Kong laws and regulations that have a significant impact on the Group. During the Year, the Group did not identify any material non-compliance that violated the laws and regulations related to the quality of its products and services.

Quality control and product recall

The Group provides professional, high-quality and highly efficient services to different customers in various ways, actively creates value for customers, concerns, explores and responds to customer needs, and strives to provide customers with services beyond their expectations. In order to maintain product quality, the Group has formulated the Quality Management Manual in accordance with the ISO9001:2015 quality management system certification to ensure that all production stages comply with the quality standards specified in the Group's Quality Manual and has implemented strict quality assurance procedures. All products of the Group must pass the Group's internal quality tests before they can be delivered to the Group's customers. The Group's insistence on quality was recognised, and the Group was awarded the ISO9001:2015 quality management system certification. The Group has implemented a quality management system, the overall goal of which is to prevent defects and make continuous improvements.

Quality Management Manual has also sets out the Non-conforming Product Control Procedures in details, to ensure that all departments of the Group could identify, control and follow the output of disqualified products as required. When disqualified products are spotted after delivery, the quality control department shall investigate the causes in a timely manner to determine the responsibility according to the sales contract, and conduct follow-up modification, repair or recall processing.

During the Year, the Group did not recall any products due to safety and health reasons.

Customer service

The Group proactively extends its customer services and actively communicates with customers. The Group has formulated a Sales Management System to quickly respond to and handle customer complaints. When the marketing staff receive a customer complaint, they need to confirm the customer's needs on the spot and ensure the timeliness of processing, and report to the quality management department. The quality management department or related employees will send improvement measures and reports to customers after investigation and processing.

During the Year, the Group did not receive any complaints regarding products and services.

Customer privacy protection

The Group strictly and carefully manages customer files to avoid leakage of customer privacy. The Group strictly abides by laws and regulations such as the Law of the People's Republic of China on Guarding State Secrets and the Regulations on the Administration of Confidentiality of State Secret Carriers and other laws and regulations. The Group is committed to implementing stringent security protection measures on customer personal data collected during business operations to ensure that customer personal data is not leaked and misused.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has formulated the Information Technology Management System for strict authority management on the inquiry, use and download of customer privacy and other data in the information system, effectively preventing data leakage and abuse. Customer data must not be sold, shared, or disclosed for any purpose. Every employee must protect customer data and data in accordance with the Group's regulations. The Group's conversations with customers, transaction history, documents and reports provided by them (if not made public) will be kept confidential, and it is strictly forbidden to disclose customer data to third parties without the customer's authorisation. At the same time, customers always have the right to review and modify their data.

The Group is firmly committed to protecting the privacy of customers, so as to win the trust and confidence of customers and maintain the competitiveness of the Group in the market, driving the Group's sustainable business development and assuring the Group's service quality.

Intellectual property protection

During the Year, the Group invested a lot of resources in research and development capabilities, and owned 167 (2024: 165) patents in China, with some patents lapsed automatically upon expiry. The Group respects the intellectual property rights of third parties and is also committed to protecting our intellectual property rights from infringement.

To this end, the Group has formulated the Quality Management Manual, which states that the intellectual property rights of customers or external suppliers, such as technical documented information, trademarks, and trade secrets, should be kept confidential. The Sales Department and Procurement Department are responsible for the protection of intellectual property rights of customers or external suppliers, including samples, drawings, labels, etc.

The Group's persistence in maintaining intellectual property rights was recognised, and the Group was awarded the GB/T 29490-2013 intellectual property management system certification. The Group will closely monitor infringements in the market and combat any infringements such as counterfeit trademarks.

Advertising and labelling

As a machine manufacturer, the Group is not involved in major matters related to advertising and labels. Nevertheless, the Group is committed to ensuring that the labels of its products conform to the actual product conditions. The Group strictly abides by relevant laws and regulations on advertising and marketing, such as the Advertising Law of the People's Republic of China, formulates and implements relevant systems to supervise advertising and marketing, and strictly reviews publicly released promotional materials and sales commitments, so as to prevent misleading or misleading publicity content and protect customers' consumer rights from being infringed.

The Group requires that all publicity content such as external image display, event publicity, and marketing publicity of all units, institutions, and subordinate projects must be approved by the deputy leader before it can be produced and released externally, so as to avoid any form of false publicity and to ensure the content truthfulness and accuracy of the publicity.

B7. Anti-corruption

Prevent corruption and fraud

The Group believes that a clean corporate culture is a key to our continued success. Therefore, the Group attaches great importance to anti-corruption work and system building, commits itself to building a clean and transparent corporate culture, and pays special attention to the professional ethics of employees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To strengthen the Group's internal control to prevent corruption and fraud, in addition to the code of conduct mentioned in the Employee Handbook, the Group has formulated Employee Feedback (Whistleblowing) and Anti-fraud Procedures and Conflict of Interest Procedures to ensure that the Group's operations comply with relevant national and industrial regulations, and any complaints could be addressed to the board of directors or human resources department. The Group implements a zero-tolerance policy for any bribery of company personnel. If the Group finds that any employee violates the Group's anti-corruption and bribery policy, he/she will be dismissed. The Group has also formulated the "Contract Management System" to regulate that the Group's appointment of legal consultants, financial consultants, auditing, external experts and other professionals to participate in the contract signing process to prevent the Group from having the opportunity to violate the laws and regulations on prevention of bribery, extortion, and fraud. In addition, the Group also stipulates that it is necessary to evaluate the background, scale, repayment ability, credit status, connected transactions and conflicts of interest of all new customers to ensure that payment sources are not associated with money laundering.

To enhance all employees' understanding of integrity requirements and anti-corruption practices, the Group organised training on anti-corruption and professional ethics during the Year. The training covered topics such as anti-bribery laws and regulations, identification of commercial bribery risks, declaration of conflicts of interest, and internal whistle-blowing channels. A total of 123 employees attended the training, with an aggregate training duration of 123 hours. Looking ahead, we will continue to invest more resources to our anti-corruption training and expand the scope of anti-corruption training data disclosure.

The Group has complied with all relevant laws and regulations concerning the prevention of bribery, extortion, fraud and money laundering, including but not limited to the Company Law of the People's Republic of China, the Tendering and Bidding Law of the People's Republic of China, and the Prohibition of Commercial Bribery Interim Provisions and Hong Kong's Anti-Money Laundering and Counter-Terrorist Financing Ordinance and Prevention of Bribery Ordinance. During the Year, the Group did not identify any material non-compliance of laws and regulations related to the prevention of bribery, extortion, fraud and money laundering, and no concluded legal case regarding corruption practices was brought against the Company or its employees during the Reporting Period.

B8. Community investment

Corporate social responsibility

The Group adheres to the belief that it should assume the responsibility of contributing to society while developing the economy. As a responsible corporate citizen, the Group has been committed to supporting various charity and community activities, and hopes to give back to society with professionalism. The Group actively fulfills its corporate social responsibilities as a corporate citizen and cultivates its employees' sense of social responsibility. Therefore, it has always encouraged its employees to participate in charitable activities during work and private time to make greater contributions to society. It has also been arranging employees of the Group to participate in environmental protection, public welfare, donation for student financial aid, social services, etc. The Group believes that by personally participating in the activities of giving back to the society, the civic awareness of employees can be improved and correct values can be established. During the Year, the Group, through its subsidiary Haina Machinery, donated RMB100,000 to the Comprehensive Governance Association of Anhui Town, Jinjiang City, to support local community governance initiatives. As the Group has focused its primary efforts this year on the construction of the Jinjiang and Hangzhou factory projects to ensure they proceed according to plan, whilst also facing a significant increase in orders this year, the Group is making every effort to accelerate production to meet customer demand. In light of these key business priorities, the Group has been unable to participate more extensively in other community activities for the time being; however, the Group continues to place great importance on cooperation and interaction with the community and will actively participate in further community activities at an appropriate time.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosures and KPIS	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data	Emissions – Exhaust gas emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Hazardous waste
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Non-hazardous waste
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Environmental goals, Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental goals, Emissions

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosures and KPIS	Description	Section/Declaration
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of resources
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Use of resources – Energy consumption
KPI A2.2	Water consumption in total and intensity.	Use of resources – Water consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of resources – Energy consumption
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of resources – Water consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of resources – Packaging materials
Aspect A3: The Environment and Natural resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The environment and natural resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The environment and natural resources, Emissions

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosures and KPIS	Description	Section/Declaration
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment – Recruitment, promotion, incentive and dismissal
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and safety
KPI B2.2	Lost days due to work injury.	Health and safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and training

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosures and KPIS	Description	Section/Declaration
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour standards
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply chain management
KPI B5.1	Number of suppliers by geographical region.	Supply chain management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply chain management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply chain management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply chain management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Product responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product responsibility

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosures and KPIS	Description	Section/Declaration
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community investment

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PART D: CLIMATE-RELATED DISCLOSURE

Provisions	Disclosure requirements	Relevant sections	Exemptions / notes
Paragraph 19	Governance bodies and management roles responsible for overseeing climate-related risks and opportunities	Board statement, ESG governance framework, climate change	
Paragraph 20	Identification and categorisation of climate-related risks and opportunities (physical/transition), and definition of the time horizon	Climate change	
Paragraph 21	Current and anticipated impacts of climate-related risks and opportunities on business models and value chains	Climate change	
Paragraph 22	How climate-related risks and opportunities are addressed in strategy and decision-making, including plans for the climate transition	Climate change	
Paragraph 23	Progress on plans disclosed in previous reporting periods		This is the first year of disclosure under Section D; there was no corresponding Section D plan in previous reporting periods
Paragraph 24	Current financial impacts (qualitative and quantitative)		Financial impact exemption: The internal data collection framework is not yet capable of isolating climate-related financial expenditures with sufficient precision; therefore, quantified financial data is not currently disclosed
Paragraph 25	Expected financial impacts (qualitative and quantitative)		Financial Impact Waiver + Capability Waiver: Lack of the skills, capabilities or resources to provide quantified data on the expected financial impact
Paragraph 26	Climate resilience (scenario analysis)	Climate change	Scope for Exemption: Climate resilience is assessed through qualitative scenario analysis rather than complex financial models; this approach is commensurate with the Group's current level of resource allocation
Paragraph 27	Processes for identifying, assessing, prioritising and monitoring climate-related risks; how climate-related risks and opportunities are integrated into the overall risk management process	Climate change	
Paragraphs 28-29	Scope 1, 2 and 3 emissions and measurement methods	Climate change	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Provisions	Disclosure requirements	Relevant sections	Exemptions / notes
Paragraph 30	Amount and percentage of assets or business activities exposed to climate-related transition risks	Climate change	Financial impact exemption: currently assessed on a qualitative basis; quantitative data not yet disclosed
Paragraph 31	Amount and percentage of assets or business activities exposed to climate-related physical risks	Climate change	Financial impact exemption: assessed on a qualitative basis for the time being; quantitative data not yet disclosed
Paragraph 32	Amount and percentage of assets or business activities related to climate-related opportunities	Climate change	Financial impact exemption: assessed on a qualitative basis for the time being; quantitative data is not yet disclosed
Paragraph 33	Amounts of capital expenditure, – financing or investment related to climate-related risks and opportunities		Financial impact exemption: As the internal data collection framework is not yet capable of isolating climate-related financial expenditures with sufficient accuracy, this information not yet disclosed.
Paragraph 34	Internal carbon pricing	–	The Group does not currently apply internal carbon pricing in its decision-making processes.
Paragraph 35	Availability and incorporation of climate-related considerations into remuneration policies	Climate change	The Group has not currently incorporated climate-related considerations into its remuneration policy. The Group will continue to assess whether it is necessary to link climate-related performance indicators to remuneration.
Paragraph 36	Industry indicators	–	
Paragraphs 37–39	Climate-related targets (indicators, objectives, scope, timeframe, baseline period, progress, etc.)	Environmental targets, climate change	The data and targets have not yet been verified by a third party. These will be progressively refined in subsequent reports.
Paragraph 40	Specific disclosure of greenhouse gas emission targets (covering which greenhouse gases, scope, total/net emissions, decarbonisation methods, carbon credits, etc.)	Environmental targets, climate change	The report mentions the scope of the targets (Scopes 1, 2 and 3), but does not provide details on the types of gases covered, the decarbonisation methods or plans for using carbon credits.

INDEPENDENT AUDITOR'S REPORT



FORVIS MAZARS CPA LIMITED

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To the members of

Haina Intelligent Equipment International Holdings Limited

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Haina Intelligent Equipment International Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 83 to 164, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2025, and of its financial performance and cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) as issued by the HKICPA. Our responsibilities under those standards are further described in the “*Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements*” section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), as applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(continued)*

Key audit matter

How our audit addressed the key audit matter

Fair value of investment properties

The Group's investment properties were measured at fair value of approximately RMB120,800,000 as at 31 December 2025.

The management of the Group has estimated the fair values of the Group's investment properties with reference to the valuation report performed by the independent professional qualified valuer engaged by the Group. The valuation is dependent on certain key assumptions that required significant management judgement, including market unit value of comparable properties, premium or discount adjustments to these market values for factors specific to the characteristics of the Group's investment properties compared to recent sales on the comparable transactions and assuming the investment properties are capable of being sold in existing status.

We have identified the above matter as a key audit matter because the valuation of the investment properties, which are material, involved significant judgments and estimates including the determination of valuation techniques and the selection of different inputs in the models.

Related disclosures are included in Notes 2, 11 and 36 to the consolidated financial statements.

Our key procedures, among others, included:

- a) Evaluating the objectivity, capabilities and competence of the independent professional qualified valuer;
- b) Reviewing the valuation report from the independent professional qualified valuer and discussing with management of the Group and the independent professional qualified valuer to understand the valuation basis and methodology used, underlying assumptions applied and critical judgements used in the valuation of investment properties; and
- c) Checking, on a sample basis, the underlying data including comparables of market transactions being used by the independent professional qualified valuer and assessing the appropriateness.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(continued)*

Key audit matter

How our audit addressed the key audit matter

Expected credit losses ("ECL") assessment of trade receivables

At 31 December 2025, the gross amount of trade receivables and its related allowance for ECL amounted to approximately RMB90,455,000 and RMB10,195,000, respectively.

At each reporting date, the management of the Group estimates the amount of ECL on trade receivables based on provision matrix that is based on historical data and is adjusted for forward-looking information of respective trade receivables.

The Group's management believes that they have considered reasonable and supportable information that is relevant and available without undue cost and effort for ECL assessment. Such assessment has taken the quantitative and qualitative historical information and also, the forward-looking analysis. The Group engaged an independent professional qualified valuer for ECL assessment of trade receivables.

We have identified the ECL assessments of trade receivables by the Group's management as a key audit matter because the carrying amount of trade receivables was significant to the consolidated financial statements and the ECL assessment of these balances required significant judgement and involved high level of uncertainty.

Related disclosures are included in Notes 2, 20 and 35 to the consolidated financial statements.

Our key procedures, among others, included:

- a) Understanding of the Group's credit risk management and practices, and evaluating the design and implementation of the Group's key control relating to the expected credit losses assessment of trade receivables;
- b) Evaluating the objectivity, capabilities and competence of the independent professional qualified valuer;
- c) Testing the integrity of information used by the management to develop the provision matrix including testing individual customers' credit assessment, on a sample basis, through analysing their nature, size and past due status with the underlying supporting documents and comparing the internal credit assessment made by the management on these customers;
- d) Evaluating the management's basis and judgement in determining credit loss allowance on trade receivables and checking the assumptions and key parameters to external data sources where available;
- e) Assessing the reasonableness and relevancy of the external information used by the Group as the forward-looking information; and
- f) Checking the calculation of ECL based on the methodology adopted by the Group and adequacy of the Group's disclosures in relation of credit risk exposed by the Group in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the 2025 Annual Report of the Company but does not include the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Forvis Mazars CPA Limited
Certified Public Accountants
Hong Kong, 27 March 2026

The engagement director on the audit resulting in this independent auditor's report is:

Tsoi Wa Shan

Practising Certificate number: P07514

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
Revenue	4	490,771	369,657
Cost of sales		(376,309)	(317,659)
Gross profit		114,462	51,998
Other income	5	7,368	10,488
Selling and distribution expenses		(34,839)	(21,039)
Administrative and other operating expenses		(68,713)	(65,148)
Reversal of impairment loss (Impairment loss) of trade receivables, net	35	4,126	(7,131)
Impairment loss of other receivables	35	(19)	(326)
Impairment loss of debt instrument at amortised cost	35	(857)	(7,463)
Change in fair value of investment properties	11	2,745	–
Change in fair value of equity instruments at fair value through profit or loss ("FVPL")		(5)	(222)
Equity-settled share-based payment expenses	30	(241)	(562)
Loss on disposal of a subsidiary	32	(1,071)	–
Finance costs	6	(3,157)	(1,571)
Profit (Loss) before tax	6	19,799	(40,976)
Income tax expense	8	(698)	(12)
Profit (Loss) for the year		19,101	(40,988)
Other comprehensive (loss) income for the year			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Exchange difference on translation of the Company's financial statements to presentation currency		(5,929)	3,950
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on consolidation		2,972	(2,394)
Total other comprehensive (loss) income for the year		(2,957)	1,556
Total comprehensive income (loss) for the year		16,144	(39,432)
Profit (Loss) for the year attributable to:			
Owners of the Company		21,768	(38,130)
Non-controlling interests		(2,667)	(2,858)
		19,101	(40,988)
Total comprehensive income (loss) for the year attributable to:			
Owners of the Company		18,811	(36,574)
Non-controlling interests		(2,667)	(2,858)
		16,144	(39,432)
		RMB cents	RMB cents
Earnings (Loss) per share	9		
Basic		3.86	(6.76)
Diluted		3.84	(6.76)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
Non-current assets			
Investment properties	11	120,800	—
Property, plant and equipment	12	387,613	439,274
Intangible assets	13	2,687	6,732
Goodwill	14	—	—
Deferred tax assets	27	2,108	2,174
Deposit paid for acquisition of land use rights	15	3,550	—
		516,758	448,180
Current assets			
Inventories	17	230,040	247,087
Equity instruments at FVPL	18	210	225
Debt instrument at amortised cost	19	—	871
Trade and other receivables	20	151,308	123,965
Bank deposit with maturity over three months	21	—	1,800
Restricted bank deposits	22	20,064	14,241
Bank balances and cash	23	39,547	35,490
		441,169	423,679
Current liabilities			
Trade and other payables	24	310,133	314,015
Lease liabilities	25	1,347	2,665
Interest-bearing borrowings	26	354,398	281,037
Income tax payable		1,154	791
		667,032	598,508
Net current liabilities		(225,863)	(174,829)
Total assets less current liabilities		290,895	273,351
Non-current liabilities			
Lease liabilities	25	1,682	6,174
Deferred tax liabilities	27	1,074	1,210
		2,756	7,384
NET ASSETS		288,139	265,967

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
Capital and reserves			
Share capital	28	5,088	5,088
Reserves		280,390	261,338
Equity attributable to owners of the Company		285,478	266,426
Non-controlling interests		2,661	(459)
TOTAL EQUITY		288,139	265,967

The consolidated financial statements on pages 83 to 164 were approved and authorised for issue by the Board of Directors on 27 March 2026 and signed on its behalf by

Mr. Hong Yiyuan
Director

Mr. Zhang Zhixiong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to owners of the Company							Total <i>RMB'000</i>	Non- controlling interests <i>RMB'000</i>	Total equity <i>RMB'000</i>
	Reserves									
	Share capital <i>RMB'000</i> <i>(Note 28)</i>	Share premium <i>RMB'000</i> <i>(Note 29(a))</i>	Share option reserve <i>RMB'000</i> <i>(Note 30)</i>	Capital reserve <i>RMB'000</i> <i>(Note29(b))</i>	Statutory reserve <i>RMB'000</i> <i>(Note 29(c))</i>	Translation reserve <i>RMB'000</i> <i>(Note 29(d))</i>	Accumulated profits <i>RMB'000</i>			
At 1 January 2024	5,088	188,294	3,588	12,559	25,832	(5,497)	73,188	303,052	1,985	305,037
Loss for the year	-	-	-	-	-	-	(38,130)	(38,130)	(2,858)	(40,988)
Other comprehensive income (loss):										
<i>Items that will not be reclassified to profit or loss:</i>										
Exchange difference on translation of the Company's financial statements to presentation currency	-	-	-	-	-	3,950	-	3,950	-	3,950
<i>Item that may be reclassified subsequently to profit or loss:</i>										
Exchange difference on consolidation	-	-	-	-	-	(2,394)	-	(2,394)	-	(2,394)
Total comprehensive loss for the year	-	-	-	-	-	1,556	(38,130)	(36,574)	(2,858)	(39,432)
Transactions with owners:										
<i>Contributions and distributions</i>										
Recognition of equity-settled share-based payment expenses <i>(Note 30)</i>	-	-	562	-	-	-	-	562	-	562
Appropriation of statutory reserve	-	-	-	-	499	-	(499)	-	-	-
	-	-	562	-	499	-	(499)	562	-	562
<i>Changes in ownership interests</i>										
Acquisition of additional interest in a subsidiary <i>(Note 31)</i>	-	-	-	-	-	-	(614)	(614)	(1,836)	(2,450)
Non-controlling interest arising from capital contribution of subsidiaries	-	-	-	-	-	-	-	-	2,250	2,250
Total transactions with owners	-	-	562	-	499	-	(1,113)	(52)	414	362
At 31 December 2024	5,088	188,294	4,150	12,559	26,331	(3,941)	33,945	266,426	(459)	265,967

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to owners of the Company							Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
	Reserves									
	Share capital RMB'000 (Note 28)	Share premium RMB'000 (Note 29(a))	Share option reserve RMB'000 (Note 30)	Capital reserve RMB'000 (Note29(b))	Statutory reserve RMB'000 (Note 29(c))	Translation reserve RMB'000 (Note 29(d))	Accumulated profits RMB'000			
At 1 January 2025	5,088	188,294	4,150	12,559	26,331	(3,941)	33,945	266,426	(459)	265,967
Profit (Loss) for the year	-	-	-	-	-	-	21,768	21,768	(2,667)	19,101
Other comprehensive (loss) income:										
<i>Items that will not be reclassified to profit or loss:</i>										
Exchange difference on translation of the Company's financial statements to presentation currency	-	-	-	-	-	(5,929)	-	(5,929)	-	(5,929)
<i>Item that may be reclassified subsequently to profit or loss:</i>										
Exchange difference on consolidation	-	-	-	-	-	2,972	-	2,972	-	2,972
Total comprehensive income for the year	-	-	-	-	-	(2,957)	21,768	18,811	(2,667)	16,144
Transactions with owners:										
Contributions and distributions										
Recognition of equity-settled share-based payment expenses (Note 30)	-	-	241	-	-	-	-	241	-	241
Appropriation of statutory reserve	-	-	-	-	2,313	-	(2,313)	-	-	-
	-	-	241	-	2,313	-	(2,313)	241	-	241
<i>Changes in ownership interests</i>										
Disposal of a subsidiary (Note 32)	-	-	-	-	-	-	-	-	4,887	4,887
Non-controlling interest arising from capital contribution of subsidiaries	-	-	-	-	-	-	-	-	900	900
Total transactions with owners	-	-	241	-	2,313	-	(2,313)	241	5,787	6,028
At 31 December 2025	5,088	188,294	4,391	12,559	28,644	(6,898)	53,400	285,478	2,661	288,139

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
OPERATING ACTIVITIES			
Profit (Loss) before tax		19,799	(40,976)
Adjustments for:			
Amortisation of intangible assets		4,045	5,304
Bank interest income		(311)	(499)
Interest income from debt instrument at amortised cost		—	(1,543)
Depreciation of property, plant and equipment		15,074	14,692
Finance costs		3,157	1,571
Loss on disposal of property, plant and equipment, net		283	111
Gain on early termination of leases		(5)	—
Write-back of other payables		(815)	—
(Reversal of impairment loss) Impairment loss on trade receivables, net		(4,126)	7,131
Impairment loss on other receivables		19	326
Impairment loss on debt instrument at amortised cost		857	7,463
Loss on disposal of a subsidiary		1,071	—
Change in fair value of investment properties		(2,745)	—
Write-down of inventories		(1,746)	7,613
Equity-settled share-based payment expenses		241	562
Change in fair value of equity instruments at FVPL		5	222
Operating cash flows before changes in working capital		34,803	1,977
Changes in working capital			
Trade and other receivables		(32,204)	(16,289)
Inventories		6,508	(6,516)
Trade and other payables		53,809	11,397
Cash generated from (used in) operations		62,916	(9,431)
Income tax paid		(407)	(270)
Net cash from (used in) operating activities		62,509	(9,701)
INVESTING ACTIVITIES			
Interest received		311	4,080
Net cash outflow on disposal of a subsidiary	32	(3)	—
(Increase) decrease in restricted bank deposits, net		(5,823)	19,095
Decrease (increase) in bank deposit with maturity over three months		1,800	(1,800)
Purchase of property, plant and equipment		(117,393)	(226,445)
Proceeds from disposal of property, plant and equipment		614	381
Repayment received from debt instrument at amortised cost	19	—	924
Net cash used in investing activities		(120,494)	(203,765)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
FINANCING ACTIVITIES			
Repayment for lease liabilities		(6,258)	(11,286)
Interest paid		(3,157)	(1,571)
New bank borrowings raised		150,393	258,288
Repayment of bank borrowings		(77,032)	(54,277)
Acquisition of additional interest in a subsidiary	31	(420)	(2,030)
Capital contribution made by the non-controlling shareholders of subsidiaries		900	2,250
Net cash from financing activities		64,426	191,374
Net increase (decrease) in cash and cash equivalents		6,441	(22,092)
Cash and cash equivalents at the beginning of the year		35,490	56,311
Effect on exchange rate changes		(2,384)	1,271
Cash and cash equivalents at the end of the year		39,547	35,490

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Haina Intelligent Equipment International Holdings Limited (the “**Company**”, together with its subsidiaries are collectively referred to as the “**Group**”) was incorporated in the Cayman Islands under the Companies Law of the Cayman Islands as an exempted company with limited liability on 20 December 2017, and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 3 June 2020 (the “**Listing**”). The Company’s registered office is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company’s principal place of business in Hong Kong has changed from Flat C, 21/F, Max Share Centre, 373 King’s Road, North Point, Hong Kong to Suites 707-709, 7/F., 12 Taikoo Wan Road, Taikoo Shing, Quarry Bay, Hong Kong with effect from 7 November 2025.

The principal activity of the Company is investment holding. The Group is principally engaged in the design and production of automated machines for disposable hygiene products in the People’s Republic of China (the “**PRC**”).

In the opinion of the directors of the Company, the immediate and ultimate holding company is Prestige Name International Limited, a limited liability company incorporated in the British Virgin Islands (the “**BVI**”). The ultimate controlling parties are Mr. Hong Yiyuan, Mr. Zhang Zhixiong, Mr. Su Chengya, Mr. He Ziping and Mr. Chang Chi Hsung (collectively referred to as the “**Controlling Shareholders**”), who have been acting in concert over the course of the Group’s business history.

2. MATERIAL ACCOUNTING POLICY INFORMATION

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

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

The adoption of the new/revised HKFRS Accounting Standards that are relevant to the Group and effective from the current year had no significant effects on the financial performance and financial position of the Group for the current and prior years.

Adoption of new/revised HKFRS Accounting Standards

Amendments to HKAS 21

Lack of Exchangeability

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 above amendments does not have any significant impact on the consolidated financial statements.

A summary of the material accounting policy information adopted by the Group in preparing the consolidated financial statements is set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Going concern

At 31 December 2025, the Group recorded net current liabilities of approximately RMB225,863,000 (2024: approximately RMB174,829,000). Based on the estimation of the future cash flows of the Group, after taking into account of (i) the bank balances and cash at 31 December 2025; and (ii) the confirmed and indicated credit line commitments from financial institutions, the directors of the Company are of the opinion that the Group will have sufficient working capital to finance its normal operation and meet the obligation for its liabilities for the twelve months from the end of the reporting period of the consolidated financial statements. Accordingly, the consolidated financial statements have been prepared on a going concern basis. Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, and to provide for any further liabilities which might arise. The effect of these potential adjustments has not been reflected in the consolidated financial statements.

Basis of measurement

The measurement basis used in the preparation of the consolidated financial statements is historical cost, except for investment properties and equity instruments at FVPL, which are measured at fair value, as explained in the accounting policies set out below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company using consistent accounting policies.

All intra-group balance, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. 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.

Non-controlling interests are presented, separately from owners of the Company, in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by HKFRS Accounting Standards.

Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to the owners of the Company and the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Changes in ownership interest

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position which is presented within these notes, the investment in subsidiaries is stated at cost less impairment loss. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Goodwill

Goodwill arising on an acquisition of a business is measured at the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previously held equity interest in the acquiree over the acquisition date amounts of the identifiable assets acquired and the liabilities assumed of the acquired business.

Goodwill on acquisition of business is recognised as a separate asset and is carried at cost less accumulated impairment losses, which is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment test and determination of gain or loss on disposal, goodwill is allocated to cash-generating units. An impairment loss on goodwill is not reversed.

On the other hand, any excess of the acquisition date amounts of identifiable assets acquired and the liabilities assumed of the acquired business over the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, if any, after reassessment, is recognised immediately in profit or loss as an income from bargain purchase.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment, over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Buildings	30 years
Right-of-use assets	Over the unexpired terms of lease
Plant and machinery	2 to 10 years
Motor vehicles	4 to 10 years
Office equipment	3 to 5 years
Computer equipment	3 to 10 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year in which the item is derecognised.

Construction in progress represents plant and equipment under construction. Construction in progress is included under property, plant and equipment and stated at cost less any impairment losses. The cost includes cost of construction, plant and equipment and other direct costs plus borrowing costs which include interest charges and exchange differences arising from foreign currency borrowings used to finance these projects during the construction period, to the extent that these are regarded as an adjustment to borrowing costs.

Construction in progress is not depreciated until such time as the assets are completed and substantially ready for their intended use and transferred to the appropriate categories of property, plant and equipment.

Investment properties

Investment properties are building that are held by owner or lessee, to earn rental income and/or for capital appreciation. These include properties held for a currently undetermined future use, properties that are being constructed or developed for future use as investment properties.

Investment properties are stated at fair value at the end of the reporting period. Any gain or loss arising from a change in fair value is recognised in profit or loss. The fair value of investment properties is based on a valuation by an independent valuer who holds a recognised professional qualification and has recent experience in the location and category of property being valued. The fair value reflects, among other things, rental income from current leases and other assumptions that market participants would use when pricing investment properties under current market conditions and is adjusted for separately recognised assets or liabilities to avoid double-counting assets or liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Intangible assets

Research and development costs

Research costs are expensed as incurred. Costs incurred on development activities, which involve the application of research findings to a plan or design for the production of new or substantially improved products and processes, are capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in profit or loss as an expense as incurred. When the asset is available for use, the capitalised development costs are amortised on a straight-line basis over a period of 2 to 3 years.

Software

Software is initially recognised and measured at cost incurred to acquire and being to use. Subsequent to initial recognition, the software with finite useful lives are reported at costs less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method over expected lines of software, which are determined to 2 to 3 years.

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

Classification and measurement

Financial assets (except for trade receivables without a significant financing component) are initially recognised at their fair value plus, in the case of financial assets not carried at FVPL, transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Classification and measurement (continued)

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income ("**FVOCI**") ; (iii) equity investment measured at fair value through other comprehensive income ("**Designated FVOCI**") ; or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

1) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include trade and other receivables, debt instrument at amortised cost, restricted bank deposits and bank balances and cash.

2) Financial assets at FVPL

These investments include financial assets that are not measured at amortised cost or FVOCI, including financial assets held for trading, financial assets designated upon initial recognition as at FVPL, financial assets resulting from a contingent consideration arrangement in a business combination to which HKFRS 3 applies and financial assets that are otherwise required to be measured at FVPL. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which does not include any dividend or interest earned on the financial assets. Dividend or interest income is presented separately from fair value gain or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Classification and measurement (continued)

2) Financial assets at FVPL (continued)

A financial asset is classified as held for trading if it is:

- (i) acquired principally for the purpose of selling it in the near term;
- (ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking on initial recognition; or
- (iii) a derivative that is not a financial guarantee contract or not a designated and effective hedging instrument.

Financial assets are designated at initial recognition as at FVPL only if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

The Group's financial assets measured at FVPL include equity instruments at FVPL.

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are directly attributable to the issue of the financial liabilities.

The Group's financial liabilities include trade and other payables and interest-bearing borrowings. All financial liabilities, except for financial liabilities at FVPL, are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Impairment of financial assets

The Group recognises loss allowances for expected credit losses (“ECL”) on financial assets that are measured at amortised cost issued to which the impairment requirements apply in accordance with HKFRS 9. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

- (i) nature of instrument
- (ii) past-due status
- (iii) nature, size and industry of debtors
- (iv) external credit risk ratings where available

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial instrument that meets any of the following criteria.

- (i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or
- (ii) there is a breach of financial covenants by the counterparty.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Impairment of financial assets *(continued)*

Definition of default (continued)

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information to demonstrate otherwise.

Notwithstanding the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

Low credit risk

A financial instrument is determined to have low credit risk if:

- (i) it has a low risk of default;
- (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Restricted bank deposits and bank balances and cash are determined to have low credit risk.

Simplified approach of ECL

For trade receivables without a significant financing components or otherwise for which the Group applies the practical expedient not to account for the significant financing components, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial instruments *(continued)*

Impairment of financial assets *(continued)*

Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower.
- (b) a breach of contract, such as a default or past due event.
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.
- (e) the disappearance of an active market for that financial asset because of financial difficulties.
- (f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Revenue recognition

Revenue from contracts with customers

Nature of goods or services

The nature of the goods or services provided by the Group is the design and production of automated machines for disposable hygiene products.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Revenue recognition *(continued)*

Revenue from contracts with customers *(continued)*

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

- (a) a good or service (or a bundle of goods or services) that is distinct; or
- (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

- (a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and
- (b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Sale of automated machines for disposable hygiene products and related components and parts are recognised at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered to customers and the title is passed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Revenue recognition *(continued)*

Revenue from contracts with customers *(continued)*

Transaction price: significant financing components

When the contract contains a significant financing component (i.e. the customer or the Group is provided with a significant benefit of financing the transfer of goods or services to the customer), in determining the transaction price, the Group adjusts the promised consideration for the effects of the time value of money. The effect of the significant financing component is recognised as an interest income or interest expense separately from revenue from contracts with customers in profit or loss.

The Group determines the interest rate that is commensurate with the rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception by reference to, where appropriate, the interest rate implicit in the contract (i.e. the interest rate that discounts the cash selling price of the goods or services to the amount paid in advance or arrears), the prevailing market interest rates, the Group's borrowing rates and other relevant creditworthiness information of the customer of the Group.

The Group has applied the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for the effect of the significant financing component if the period of financing is one year or less.

Performance obligation: warranties

Sales-related warranties associated with automated machines for disposable hygiene products cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for the warranties in accordance with HKAS 37.

Interest income

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

Contract assets and contract liabilities

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Contract assets and contract liabilities *(continued)*

For the sales of automated machines for disposable hygiene products, and components and parts, it is common for the Group to receive from the customer the whole or some of the contractual payments before the services are completed or when the goods are delivered (i.e. the timing of revenue recognition for such transactions). The Group recognises a contract liability until it is recognised as revenue. During that period, any significant financing components, if applicable, will be included in the contract liability and will be expensed as accrued unless the interest expense is eligible for capitalisation.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The Company's functional currency is Hong Kong Dollars ("**HK\$**") and majority of its subsidiaries have RMB as their functional currency. The consolidated financial statements are presented in the currency of RMB, which is the Company's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The results and financial position of all the group entities that have a functional currency different from the presentation currency ("**foreign operations**") are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period.
- Income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rate.
- All resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity.
- On the disposal of a foreign operation, which includes a disposal of the Group's entire interest in a foreign operation, a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest is no longer equity-accounted for, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Foreign currency translation *(continued)*

- On the partial disposal of the Group's interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss.
- On all other partial disposals, which includes partial disposal of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount of exchange differences recognised in the separate component of equity is reclassified to profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, cost of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

Impairment of non-financial assets, other than goodwill

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment (including right-of-use assets and construction in progress), intangible assets and the Company's investment in a subsidiary may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as income in profit or loss immediately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of obligation can be made. Expenditures for which a provision has been recognised are charged against the related provision in the year in which the expenditures are incurred. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account/recognised as a deduction from the carrying amount of the relevant asset and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant. The benefit of the below-market rate of interest shall be measured as the difference between the initial fair value of the loan and the proceeds received.

Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Leases *(continued)*

As lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group accounts for each lease component within a lease contract as a lease separately. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Group recognises a right-of-use asset (included in property, plant and equipment) and a lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the Group; and
- (d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives of the right-of-use asset (unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option – in which case depreciation is provided over the estimated useful life of the underlying asset) as follows:

Factories and office premises	13 months to 9 years
Leasehold lands	50 years

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Leases *(continued)*

As lessee *(continued)*

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate;
- (c) amounts expected to be payable under residual value guarantees;
- (d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

A lease modification is accounted for as a separate lease if

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Leases *(continued)*

As lessee *(continued)*

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

- (a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above;
- (b) the Group determines the lease term of the modified contract;
- (c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term;
- (d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the recognising any gain or loss relating to the partial or full termination of the lease in profit or loss; and
- (e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

As lessor

The Group classifies each of its leases as either a finance lease or an operating lease at the inception date of the lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and sublease as two separate contracts. The sublease is classified as an operating lease if the head lease is a short-term lease to which the Group has applied the recognition exemption. Otherwise, the sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

The Group accounts for each lease component within a lease contract as a lease separately from non-lease components of the contract. The Group allocates the consideration in the contract to each lease component on a relative stand-alone price basis.

As lessor – operating lease

The Group applies the derecognition and impairment requirements in HKFRS 9 to the operating lease receivables.

A modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave, and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees.

Defined contribution plans

The obligations for contributions to defined contribution retirement scheme in Hong Kong are recognised as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group's entities established in Hong Kong in an independently administered fund.

In accordance with the rules and regulations in the PRC, the employees of the Group's entities established in the PRC are required to participate in defined contribution retirement plans organised by local governments. Contributions to these plans are expensed in profit or loss as incurred and other than these monthly contributions, the Group has no further obligation for the payment of retirement benefits to its employees.

Share-based payment transaction

Equity-settled transactions – share options

The Group's employees, including directors, receive remuneration in the form of share-based payment transactions, whereby the employees rendered services in exchange for shares or rights over shares. The cost of such transactions with employees is measured by reference to the fair value of the equity instruments at the grant date. The fair value of share options granted to employees is recognised as an staff cost with a corresponding increase in a reserve within equity.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are to be fulfilled, ending on the date on which the entitlement of relevant employees to the award is no longer conditional on the satisfaction of any non-market vesting conditions ("**vesting date**"). During the vesting period, the number of share options that is expected to vest ultimately is reviewed. Any adjustment to the cumulative fair value recognised in prior periods is charged/credited to profit or loss for the year of review, with a corresponding adjustment to the reserve within equity.

When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated profits.

No expense is recognised for awards that do not ultimately vest, except for awards that are conditional on a market condition or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all non-market vesting conditions are satisfied. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences is not recognised.

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investment in subsidiaries, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Related parties

A related party is a person or entity that is related to the Group.

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of the holding company of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Related parties *(continued)*

(b) (continued)

- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the holding company of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to Group's executive directors for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations (if applicable).

Operating segments (if applicable) that meet the quantitative thresholds are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Other operating segments may be aggregated if they share a majority of these criteria.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Key sources of estimation uncertainty

Useful lives of property, plant and equipment, and intangible assets

The management determines the estimated useful lives of the Group's property, plant and equipment, and intangible assets based on the historical experience of the actual useful lives of the relevant assets of similar nature and functions. The estimated useful lives could be different as a result of technical innovations which could affect the related depreciation and amortisation charges included in profit or loss.

Impairment of property, plant and equipment, and intangible assets

The management determines whether the Group's property, plant and equipment, and intangible assets are impaired when an indication of impairment exists. This requires an estimation of the recoverable amount of the property, plant and equipment (including right-of-use assets and construction in progress) and intangible assets which is equal to the higher of fair value less cost of disposal or the value in use. Estimating the value in use requires the management to make an estimate of the expected future cash flows from the property, plant and equipment (including right-of-use assets and construction in progress) and intangible assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Any impairment will be charged to profit or loss.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Segment reporting *(continued)*

Key sources of estimation uncertainty *(continued)*

Loss allowance for ECL

The management of the Group estimates the loss allowance for financial assets at amortised costs including, trade receivables, other receivable and debt instrument at amortised cost by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and debt instrument at amortised cost.

Allowance for inventories

The management reviews the condition of inventories at the end of each reporting period and makes allowance for inventories that are identified as obsolete, slow-moving or no longer recoverable. The management carries out the inventory review on a product-by-product basis and makes allowances or reversal allowance by reference to the latest market prices and current market conditions.

Fair value of investment properties

At the end of each reporting period, investment properties are stated at fair value based on the valuations performed by an independent professional qualified valuer. Such valuations were based on certain assumptions and estimates, which are subject to uncertainty and might materially differ from the actual results. In making estimation, information from current prices in an active market for similar properties has been considered and assumptions that are mainly based on the existing market conditions have been applied. Further details, including the key assumptions used for fair value measurement for investment properties, are disclosed in Note 36 to the financial statements.

Income tax

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. In addition, the realisation of the future income tax assets is dependent on the Group's ability to generate sufficient taxable income in future years to utilise income tax benefits and income tax loss carry-forwards, as appropriate. Deviations of future profitability from estimates or in the income tax rate would result in adjustments to the value of future income tax assets and liabilities that could have a significant effect on results and financial position of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

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 year, 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

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 “Presentation and Disclosure in Financial Statements”, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 “Presentation of Financial Statements”. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” and HKFRS 7 “Financial Instruments: Disclosures”. Minor amendments to HKAS 7 “Statement of Cash Flows” and HKAS 33 “Earnings per Share” are also made. HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of HKFRS 18 may affect the presentation of the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and disclosures in the future consolidated financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group’s consolidated financial statements.

Except for the above, the management of the Group does not anticipate that the adoption of these new/revised HKFRS Accounting Standards in future periods will have any material impact on the consolidated financial statements of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

3. SEGMENT INFORMATION

The directors of the Company have determined that the Group has a single operating and reportable segment as the Group manages its business as a whole as the design and production of automated machines for disposable hygiene products and the executive directors of the Company, being the chief operating decision makers of the Group, regularly review the internal financial reports on the same basis for the purposes of allocating resources and assessing performance of the Group. Operating segment information is not presented accordingly.

Information about geographical areas

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of the revenue is presented based on the location of customers.

Revenue from external customers

	2025 RMB'000	2024 RMB'000
The PRC	288,834	276,738
Southeast Asia (Note (i))	48,001	57,982
South Asia (Note (ii))	63,866	68
South America (Note (iii))	59,553	12,504
West Asia	17,715	3,220
Central Asia	6,581	19,043
East Africa	5,879	—
Others	342	102
	490,771	369,657

Notes:

- (i) Southeast Asia included the sales to external customers located in the Republic of Indonesia, Vietnam, Singapore, the Philippines, Malaysia, and Cambodia.
- (ii) South Asia included the sales to external customers located in India, Bangladesh, and the Islamic Republic of Pakistan.
- (iii) South America represented the sales to external customers located in Brazil.

The non-current assets are based on the physical location of the assets, in the case of property, plant and equipment, and the location of the operation to which they are allocated, in the case of intangible assets, investment properties, and excluded deferred tax assets and deposit paid for acquisition of land use rights.

Non-current assets

	2025 RMB'000	2024 RMB'000
The PRC	511,100	445,835
Hong Kong	—	171
	511,100	446,006

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

3. SEGMENT INFORMATION *(continued)*

Information about major customer

Details of the customer (including entities under common control) individually accounting for 10% or more of aggregate revenue of the Group during the year are as follows:

	2025 RMB'000	2024 RMB'000
Customer A	Note	41,328

Note: The customer contributed less than 10% of the total revenue of the Group for the year ended 31 December 2025.

4. REVENUE

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within HKFRS 15		
– at a point in time		
Sales of machines of		
– baby diaper	214,294	175,896
– adult diaper	176,386	115,771
– lady sanitary napkin	50,124	31,724
– wet wipe	4,136	7,386
Sales of components and parts	45,831	38,880
	490,771	369,657

The amount of revenue recognised for the year ended 31 December 2025 that was included in the contract liabilities at the beginning of the year is approximately RMB84,844,000 (*Note 24(c)*) (2024: approximately RMB57,819,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

5. OTHER INCOME

	2025 RMB'000	2024 RMB'000
Bank interest income	311	499
Interest income from debt instrument at amortised cost	—	1,543
Exchange gain, net	—	2,325
Government grants (Note (i))	1,088	990
Additional deduction of input value-added tax ("VAT") (Note (ii))	1,547	1,956
Sale of scrap materials	1,350	1,116
Write-back of other payables (Note 24(d))	815	—
Gain on early termination of leases	5	—
Others	2,252	2,059
	7,368	10,488

Notes:

- (i) In the opinion of the management of the Group, there was no unfulfilled condition or contingency relating to the government grants.
- (ii) According to Announcement 2023 No. 43 of the Ministry of Finance and the State Taxation Administration of the PRC, with effect from 1 January 2023 to 31 December 2027, advanced manufacturing enterprises are eligible for additional VAT credits by 5% of the current period creditable VAT input. The subsidiaries of the Company, 晉江海納機械有限公司 (Jinjiang Haina Machinery Co. Ltd*) ("Jinjiang Haina") and 杭州海納機械有限公司 (Hangzhou Haina Machinery Co. Ltd*) ("Hangzhou Haina") are qualified for the additional deduction of input VAT.

* English name is for identification purpose only.

6. PROFIT (LOSS) BEFORE TAX

This is stated after charging (crediting):

	2025 RMB'000	2024 RMB'000
Finance costs		
Interest on bank borrowings	8,899	6,069
Finance charges on lease liabilities	309	685
	9,208	6,754
Less: interest on bank borrowings capitalised into construction in progress	(6,051)	(5,183)
	3,157	1,571

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

6. PROFIT (LOSS) BEFORE TAX *(continued)*

This is stated after charging (crediting):

	2025 RMB'000	2024 RMB'000
Staff costs, including directors' remuneration		
Salaries, allowances and other benefits in kind	63,448	57,072
Discretionary bonuses	2,553	2,482
Equity-settled share-based payment expenses	241	562
Contributions to defined contribution plans	12,328	11,905
	78,570	72,021
Other items		
Auditor's remuneration		
– Audit service	1,476	1,478
– Non-audit service	194	194
Amortisation of intangible assets (included in “cost of sales” and “administrative and other operating expenses”, as appropriate)	4,045	5,304
Cost of inventories (<i>Note (a)</i>)	376,309	317,659
Depreciation of property, plant and equipment (included in “cost of sales” and “administrative and other operating expenses”, as appropriate)	15,074	14,692
Less: capitalised as “construction in progress”	(426)	(875)
	14,648	13,817
Short-term lease payments (included in “cost of sales”)	846	1,032
Loss on disposal of property, plant and equipment, net	283	111
(Reversal of write-down) Write-down of inventories (included in “cost of sales”) (<i>Note (b)</i>)	(1,746)	7,613
Research and development expenses	30,695	29,573

Notes:

- (a) During the year ended 31 December 2025, cost of inventories included approximately RMB44,625,000 (2024: approximately RMB56,060,000), relating to the aggregate amount of certain staff costs, depreciation and write-down of inventories, which were included in the respective amounts as disclosed above.
- (b) The inventories that had been written down during the year ended 31 December 2024 were subsequently utilised during the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

7. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

The emoluments paid or payable to each of the following directors were as follows:

Year ended 31 December 2025

	Directors' fees RMB'000	Salaries allowances and other benefits in kind RMB'000	Discretionary bonuses RMB'000	Equity-settled share-based payment expenses RMB'000	Contributions to defined contribution plans RMB'000	Total RMB'000
Executive directors						
Mr. Hong Yiyuan	276	304	25	69	83	757
Mr. Zhang Zhixiong	138	177	15	34	54	418
Mr. Su Chengya	138	228	18	34	67	485
Mr. He Ziping	138	366	30	34	80	648
Non-executive director						
Mr. Chang Chi Hsung	138	—	—	—	—	138
Independent non-executive directors						
Ms. Chan Man Yi	138	—	—	—	—	138
Mr. Chan Ming Kit	138	—	—	—	—	138
Dr. Wang Fengxiang (Note (b))	1	—	—	—	—	1
Dr. Xia Anjun (Note (a))	6	—	—	—	—	6
	1,111	1,075	88	171	284	2,729

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

7. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS *(continued)*

(a) Directors' emoluments *(continued)*

Year ended 31 December 2024

	Directors' fees RMB'000	Salaries allowances and other benefits in kind RMB'000	Discretionary bonuses RMB'000	Equity-settled share-based payment expenses RMB'000	Contributions to defined contribution plans RMB'000	Total RMB'000
Executive directors						
Mr. Hong Yiyuan	277	300	25	160	78	840
Mr. Zhang Zhixiong	139	174	15	80	52	460
Mr. Su Chengya	139	228	18	80	68	533
Mr. He Ziping	139	384	30	80	78	711
Non-executive director						
Mr. Chang Chi Hsung	139	–	–	–	–	139
Independent non-executive directors						
Ms. Chan Man Yi	139	–	–	–	–	139
Mr. Chan Ming Kit	139	–	–	–	–	139
Dr. Wang Fengxiang <i>(Note (b))</i>	6	–	–	–	–	6
	1,117	1,086	88	400	276	2,967

Notes:

- (a) On 9 April 2025, Dr. Xia Anjun was appointed as an independent non-executive director of the Company.
- (b) On 9 April 2025, Dr. Wang Fengxiang resigned as an independent non-executive director of the Company.

Apart from being appointed as executive director, Mr. Hong Yiyuan is also the chief executive officer of the Group, and his emoluments disclosed above included those for services rendered by him as chief executive officer during the years ended 31 December 2025 and 2024.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The non-executive director's emoluments and independent non-executive directors' emoluments shown above were for their services as directors of the Company.

For the years ended 31 December 2025 and 2024, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. No directors waived or agreed to waive any emoluments during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

7. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS *(continued)*

(b) Five highest paid individuals

The five highest paid individuals of the Group for the year ended 31 December 2025 included three (2024: *four*) directors, details of whose remuneration are reflected in the analysis presented above. Details of the remuneration of the two (2024: *one*) highest paid non-director individual whose emoluments are disclosed as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other benefits	733	562
Discretionary bonuses	78	50
Contributions to defined contribution plans	138	79
	949	691

The number of this non-director individual whose emoluments fell within the following emoluments band is as follows:

	Number of individuals	
	2025	2024
Nil to HK\$1,000,000	2	1

During the years ended 31 December 2025 and 2024, no remuneration was paid by the Group to any of this highest paid non-director individual as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which any of this highest paid non-director individual waived or has agreed to waive any emoluments during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

8. INCOME TAX EXPENSE

	2025 RMB'000	2024 RMB'000
Current tax		
PRC Enterprise Income Tax – current year	1,819	312
Hong Kong Profits Tax – current year	–	17
Over-provision in prior years	(1,051)	–
	768	329
Deferred tax		
Origination and reversal of temporary differences (Note 27)	(70)	(317)
Income tax expense for the year	698	12

The Group's entities established in the PRC are subject to PRC Enterprise Income Tax at a statutory rate of 25% except for Jinjiang Haina, Hangzhou Haina and 晉江市海佳智能裝備有限公司 (Jinjiang Haijia Intelligent Equipment Co., Ltd.*) ("Jinjiang Haijia") were recognised as High and New Technology Enterprises and are entitled to a preferential tax rate of 15%. The entitlement of this tax benefit is subject to renewal by respective tax bureau in the PRC every three years. The latest approvals for Jinjiang Haina, Hangzhou Haina and Jinjiang Haijia enjoying this tax benefit were obtained in December 2023 for the three years ended 31 December 2025, in December 2024 for the three years ending 31 December 2026 and in December 2024 for the three years ending 31 December 2026, respectively.

The Group's entities incorporated in the Cayman Islands and the BVI are exempted from income tax.

For the year ended 31 December 2025, Hong Kong Profits Tax has not been provided as the Group had no assessable profit arising from Hong Kong. For the year ended 31 December 2024, Hong Kong Profits Tax was calculated in accordance with the two-tiered profits tax rates regime under which, the first HK\$2 million assessable profits arising from Hong Kong of qualifying entity of the Group were taxed at 8.25%, and assessable profits arising from Hong Kong above HK\$2 million were taxed at 16.5%. As only one of the subsidiaries in the Group was eligible to elect the two-tiered profits tax rates, profits of the remaining subsidiaries of the Group would continue to be taxed at a flat rate of 16.5%.

* English name is for identification purpose only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

8. INCOME TAX EXPENSE *(continued)*

Reconciliation of income tax expense

	2025 RMB'000	2024 RMB'000
Profit (Loss) before tax	19,799	(40,976)
Income tax at statutory tax rate applicable in respective tax jurisdictions	5,175	(8,003)
Effect of preferential tax treatments	(4,304)	(17)
Tax exempt revenue	(2,422)	(882)
Additional tax deduction on research and development expenses	(3,892)	(2,976)
Non-deductible expenses	6,734	6,706
Unrecognised tax losses	458	5,457
Over-provision in prior years	(1,051)	—
Utilisation of previous unrecognised tax losses	—	(273)
Income tax expense for the year	698	12

9. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to owners of the Company is based on the following data:

	2025 RMB'000	2024 RMB'000
Profit (Loss):		
Profit (Loss) attributable to owners of the Company used for the purpose of basic earnings (loss) per share	21,768	(38,130)
	2025 '000	2024 '000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	563,976	563,976
Adjusted for calculation of diluted earnings per share:		
Share options	2,483	—
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	566,459	563,976

The computation of diluted earnings per share did not assume the exercise of the outstanding share options since the exercise prices per share options were higher than the average market price for shares of the Company for the year ended 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

10. DIVIDENDS

No dividend was declared by the Group during the years ended 31 December 2025 and 2024, nor has any dividend been proposed since the end of the reporting period.

11. INVESTMENT PROPERTIES

	2025 RMB'000	2024 RMB'000
At fair value		
At the beginning of the reporting period	—	—
Transfer from construction in progress (<i>Note 12</i>)	118,055	—
Change in fair value	2,745	—
At the end of the reporting period	120,800	—

The investment properties were transferred from construction in progress during the year ended 31 December 2025. At 31 December 2025, the investment properties were revalued by BonVision International Appraisals Limited, an independent professional qualified valuer, on the market value basis using direct comparison approach.

Direct comparison approach is adopted by the Group as valuation technique as the adoption can reflect the relevance to the existing conditions of the investment properties and give a fairer presentation of the financial performance and financial position of the Group.

Leasing arrangement – as lessor

Certain of the investment properties were leased to a third party for an initial term of three years since the end of the reporting period, with an option to renew the lease after that date at which time all terms are renegotiated. The lease does not include contingent rentals.

Below is a maturity analysis of undiscounted lease payments to be received from the leasing of certain of the investment properties.

	2025 RMB'000	2024 RMB'000
Year 1	815	—
Year 2	1,088	—
Year 3	1,088	—
	2,991	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

12. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets RMB'000 (Note 25)	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Computer equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Reconciliation of carrying amount – year ended 31 December 2024								
At 1 January 2024	58,871	–	8,510	1,809	189	1,111	128,332	198,822
Additions	6,608	–	16,000	2,393	208	206	233,843	259,258
Disposals	–	–	(380)	(109)	(3)	–	–	(492)
Depreciation	(11,165)	–	(2,461)	(648)	(184)	(234)	–	(14,692)
Lease modification	(3,629)	–	–	–	–	–	–	(3,629)
Transfer	–	49,282	–	–	–	–	(49,282)	–
Exchange realignment	7	–	–	–	–	–	–	7
At 31 December 2024	50,692	49,282	21,669	3,445	210	1,083	312,893	439,274
Reconciliation of carrying amount – year ended 31 December 2025								
At 1 January 2025	50,692	49,282	21,669	3,445	210	1,083	312,893	439,274
Additions	4,158	–	5,691	3,375	348	318	72,000	85,890
Disposals	–	–	(806)	(85)	(2)	(4)	–	(897)
Depreciation	(8,094)	(1,781)	(3,726)	(1,018)	(205)	(250)	–	(15,074)
Early termination of leases	(172)	–	–	–	–	–	–	(172)
Transfer	–	77,922	1,419	–	–	–	(79,341)	–
Transfer to investment properties (Note 11)	–	–	–	–	–	–	(118,055)	(118,055)
Disposal of a subsidiary (Note 32)	(3,043)	–	(38)	(34)	–	(234)	–	(3,349)
Exchange realignment	(4)	–	–	–	–	–	–	(4)
At 31 December 2025	43,537	125,423	24,209	5,683	351	913	187,497	387,613
At 31 December 2024								
Cost	106,245	49,282	33,444	5,760	1,543	3,000	312,893	512,167
Accumulated depreciation	(55,553)	–	(11,775)	(2,315)	(1,333)	(1,917)	–	(72,893)
	50,692	49,282	21,669	3,445	210	1,083	312,893	439,274
At 31 December 2025								
Cost	105,450	127,204	38,665	8,424	1,818	2,939	187,497	471,997
Accumulated depreciation	(61,913)	(1,781)	(14,456)	(2,741)	(1,467)	(2,026)	–	(84,384)
	43,537	125,423	24,209	5,683	351	913	187,497	387,613

The Group leases various office premises for its daily operations and business development and lease terms range from 13 months to 5 years (2024: 18 months to 9 years).

The Group has obtained the land use rights certificates for all leasehold lands. At the end of the reporting period, the remaining lease term of lands is about 46 years (2024: 47 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

12. PROPERTY, PLANT AND EQUIPMENT *(continued)*

At 31 December 2025, the Group is applying for the building ownership certificate for the Group's buildings with net carrying amount of approximately RMB125,423,000 (2024: *approximately RMB49,282,000*) from the relevant PRC government authorities.

For the year ended 31 December 2024, in light of the reduction of revenue and continuous operating losses of the Group's production facilities in Hangzhou and Foshan as a result of the fierce market competition, the management of the Group considered that there was indication of impairment on the property, plant and equipment (including right-of-use assets) of RMB260,035,000 and RMB3,807,000 allocating to Hangzhou Haina CGU and Foshan Aopusi CGU, respectively. For the purpose of the impairment assessment, the Hangzhou Haina CGU (comprising the property, plant and equipment (including right-of-use assets) of Hangzhou Haina production facilities) and the Foshan Aopusi CGU (comprising the property, plant and equipment (including right-of-use assets) of Foshan Aopusi production facilities) were treated as separate CGU.

The Group assessed the recoverable amount of the relevant CGUs with reference to a value-in-use calculation based on the cash flow projection. The directors of the Company engaged BonVision International Appraisals Limited, an independent professional valuer, to assist them to assess the recoverable amount of Hangzhou Haina CGU and Foshan Aopusi CGU at 31 December 2024.

The calculation used cash flow projection based on financial budgets approved by the directors of the Company covering a 5-year period and which were extrapolated using long-term growth rate of 2% and pre-tax discount rates ranging between 12.61% and 16.10% based on the relevant industry growth forecasts and did not exceed the average long-term growth rate for the relevant industry.

Based on the impairment assessment of Hangzhou Haina CGU and Foshan Aopusi CGU, property, plant and equipment were not required to be impaired for the year ended 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

13. INTANGIBLE ASSETS

	Development costs RMB'000	Software RMB'000	Total RMB'000
Reconciliation of carrying amount – year ended 31 December 2024			
At 1 January 2024	9,442	2,594	12,036
Amortisation	(4,311)	(993)	(5,304)
At 31 December 2024	5,131	1,601	6,732
Reconciliation of carrying amount – year ended 31 December 2025			
At 1 January 2025	5,131	1,601	6,732
Amortisation	(3,111)	(934)	(4,045)
At 31 December 2025	2,020	667	2,687
At 31 December 2024			
Cost	30,137	2,714	32,851
Accumulated amortisation	(25,006)	(1,113)	(26,119)
	5,131	1,601	6,732
At 31 December 2025			
Cost	30,137	2,714	32,851
Accumulated amortisation	(28,117)	(2,047)	(30,164)
	2,020	667	2,687

Development costs represented costs incurred at the development phase of certain new technologies for the production of machines for disposable hygiene products, which are capitalised and amortised (if applicable) in accordance with the accounting policies set out in Note 2.

Software mainly represented costs incurred for development of a real time operation data analysis platform system for purpose to archive streamlined production management, which are amortised in accordance with accounting policies set in Note 2.

For the year ended 31 December 2024, the management of the Group considered that there was indication of impairment on the intangible assets of RMB1,651,000 allocating to Hangzhou Haina CGU (as defined in Note 12) and the impairment assessment of these intangible assets were performed together with property, plant and equipment relating to the Hangzhou Haina CGU (as detailed in Note 12).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

14. GOODWILL

	2025 RMB'000	2024 RMB'000
Reconciliation of carrying amount		
At the beginning of the reporting period	—	—
Less: Impairment loss	—	—
At the end of the reporting period	—	—

Goodwill arose from the acquisition of 51% equity interest in Hangzhou Haina at cash consideration of RMB10,200,000 in July 2018. The excess of the fair value consideration transferred over the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed of approximately RMB1,369,000 was recognised as goodwill.

The Group's management considers Hangzhou Haina represents a separate cash-generating unit (the "Hangzhou Haina CGU") to which goodwill has been allocated. At 31 December 2023, the Group assessed the recoverable amount of the relevant cash-generating unit with reference to a value-in-use calculation based on the cash flow projection of Hangzhou Haina.

Based on the impairment assessment of Hangzhou Haina CGU at 31 December 2023, the goodwill allocated to Hangzhou Haina CGU was impaired. An impairment loss of approximately RMB1,369,000 against the goodwill was recognised in profit or loss during the year ended 31 December 2023.

15. DEPOSIT PAID FOR ACQUISITION OF LAND USE RIGHTS

	2025 RMB'000	2024 RMB'000
Deposit paid for acquisition of land use rights	3,550	—

The amount represents the security deposit paid to 晉江經濟開發區管委會 (Jinjiang Economic Development Zone Management Committee*) and 晉江經濟開發區安海園開發建設有限公司 (Anhaiyuan Development and Construction Co., Ltd. of Jinjiang Economic Development Zone*) to bid for the land use rights of a parcel of land located in Jinjiang Economic Development, Jinjiang City, Fujian Province, the PRC through the listing for sales process in the auction held by 晉江市自然資源局 (Jinjiang Natural Resources Bureau*).

The Group successfully bid for the land use rights subsequent to the reporting period.

* English name is for identification purpose only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

16. SUBSIDIARIES

Details of the subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place of incorporation/ establishment	Issued/ registered capital	Proportion ownership interest and voting power held by the Company		Principal activities/ place of operation	Legal form of corporate existence
			Directly	Indirectly		
Affluent International Group Limited	The BVI	United States Dollar ("US\$") 1	100% (2024: 100%)	N/A	Investment holding/ Hong Kong	Private limited liability company
Haina Intelligent Development Company Limited	The BVI	US\$1	100% (2024: 100%)	N/A	Inactive/ The BVI	Private limited liability company
Globalcare-Info Limited	Hong Kong	HK\$100	N/A	100% (2024:100%)	Investment holding/ Hong Kong	Private limited liability company
Haina Technology	Hong Kong	HK\$1	N/A	100% (2024:100%)	Trading of machines for disposable hygiene products and investment holding/Hong Kong	Private limited liability company
海納智能貿易有限公司 (Haina Intelligent Trading Company Limited*)	Hong Kong	HK\$100	N/A	100% (2024: 100%)	Inactive/ Hong Kong	Private limited liability company
Jinjiang Haina	The PRC	RMB138,000,000	N/A	100% (2024:100%)	Design and production of machines for disposable hygiene products/The PRC	Wholly foreign-owned enterprise
Hangzhou Haina	The PRC	RMB20,000,000	N/A	100% (2024:100%)	Design and production of machines for disposable hygiene products/The PRC	Private limited liability company
晉江嘉初科技有限公司 (Jinjiang Jiachu Technology Co., Ltd.*)	The PRC	RMB1,000,000	N/A	100% (2024:100%)	Technology and related activities/ The PRC	Private limited liability company
浙江海納智匯科技有限公司 (Zhejiang Haina Zhihui Technology Co., Ltd.*)	The PRC	US\$15,000,000	N/A	100% (2024:100%)	Inactive/The PRC	Wholly foreign-owned enterprise
浙江海納同創智能科技有限公司 (Zhejiang Haina Tongchuang Intelligent Technology Co., Ltd.*)	The PRC	RMB100,000,000	N/A	100% (2024:100%)	Investment holding/ The PRC	Private limited liability company
Jinjiang Haijia	The PRC	RMB3,000,000	N/A	80% (2024:80%)	Trading of machines for disposable hygiene products and investment holding/The PRC	Private limited liability company

* English name is for identification only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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16. SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment	Issued/ registered capital	Proportion ownership interest and voting power held by the Company		Principal activities/ place of operation	Legal form of corporate existence
			Directly	Indirectly		
晉江海億機械有限公司 (Jinjiang Haiyi Machinery Co., Ltd.*)	The PRC	RMB3,000,000	N/A	70% (2024:70%)	Metal cutting machine tool manufacturing; industrial automatic control system device manufacturing/ The PRC	Private limited liability company
晉江市海納鴻騰機械有限公司 (Jinjiang Haina Hongteng Machinery Co., Ltd.*)	The PRC	RMB3,000,000	N/A	51% (2024:51%)	Manufacturing of special packaging equipment/ The PRC	Private limited liability company
晉江海拓機械有限公司 (Jinjiang; Machinery Co., Ltd.)* ("Jinjiang Haituo")	The PRC	RMB5,000,000	N/A	100% (Note 31) (2024:100%)	Metal cutting machine tool manufacturing; industrial automatic control system device manufacturing/ The PRC	Private limited liability company
奧普思智能包裝系統佛山有限公司 (Aopusi Intelligent Packaging System (Foshan) Co., Ltd.)* ("Aopusi")	The PRC	RMB5,000,000	N/A	– (Note 32) (2024:55%)	Manufacturing and sales of industrial automatic control system devices/ The PRC	Private limited liability company

* English name is for identification purpose only.

None of the subsidiaries had any debt securities outstanding during the year or at the end of the reporting period.

17. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	120,129	132,832
Work-in-progress	97,579	104,254
Finished goods	19,467	18,882
	237,175	255,968
Less: Write-down of inventories	(7,135)	(8,881)
	230,040	247,087

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18. EQUITY INSTRUMENTS AT FVPL

	2025 RMB'000	2024 RMB'000
Listed equity securities in Hong Kong	210	225

The fair values of the listed equity securities are determined on the basis of quoted market closing prices available on the Stock Exchange at the end of each reporting period.

19. DEBT INSTRUMENT AT AMORTISED COST

	Note	2025 RMB'000	2024 RMB'000
Unlisted debt instrument, unsecured		31,407	32,810
Less: Allowance for ECL	35	(31,407)	(31,939)
		—	871

On 24 January 2021, the Company and Pengo Holdings Group Limited (formerly known as “Trendzon Holdings Group Limited” and “Pipeline Engineering Holdings Limited”) (the “**Issuer**”) entered into a subscription agreement, pursuant to which the Issuer has conditionally agreed to issue, and the Company has conditionally agreed to subscribe for, the bond in the principal amount of HK\$40,000,000 (equivalent to approximately RMB33,248,000) at the interest rate of 6% per annum and with maturity date on 26 January 2022 (the “**Bond**”) at the subscription price of HK\$40,000,000 (equivalent to approximately RMB33,248,000) (the “**Subscription**”). On 26 January 2021, the Subscription was completed. The Issuer is an exempted company incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of the Stock Exchange (stock code: 1865). Details of the Subscription are set out in the Company’s announcements dated 25 and 26 January 2021.

On 25 January 2022, the maturity date of the Bond had been subsequently extended to 25 January 2023. On 3 March 2023, the Company and the Issuer agreed to further extend the maturity date of the Bond from 25 January 2023 to 25 July 2023 and also agreed to amend the bond interest rate from 6% to 8% per annum. Save for the further extension of the maturity date and interest rate for the further extension period, all the terms and conditions of the Bond remain unchanged. Details are set out in the Company’s announcements dated 25 January 2022 and 3 March 2023.

The Bond was subsequently guaranteed by a deed of corporate guarantee executed by an independent third party in favor of the Group on 4 March 2023. The independent third party is a company incorporated in the PRC with limited liability and is principally engaged in provision of business services in the PRC.

During the year ended 31 December 2024, the Group received a partial settlement of HK\$1,000,000 (equivalent to approximately RMB924,000) for the principal amount from the Issuer and the remaining balance of HK\$35,000,000 (equivalent to approximately RMB32,810,000) was outstanding as at 31 December 2024.

During the year ended 31 December 2025, the Group is taking legal action (including but not limited to legal letters) to demand the Issuer to make payment of the outstanding principal amount and the relevant interest amount accrued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

19. DEBT INSTRUMENT AT AMORTISED COST *(continued)*

Information about the Group's exposure to credit risks and loss allowance for unlisted debt instrument is set out in Note 35 to the consolidated financial statements.

20. TRADE AND OTHER RECEIVABLES

	Note	2025 RMB'000	2024 RMB'000
Trade receivables		90,455	72,061
Less: Allowance for ECL	35	(10,195)	(16,448)
		80,260	55,613
Bills receivables	20(b)	—	529
	20(a)	80,260	56,142
Other receivables			
Prepayment to suppliers		6,636	6,945
Other prepaid expenses		2,459	3,076
Consideration receivable	20(c)	—	2,344
Interest receivable from debt instrument at amortised cost		691	722
Deposits and other receivables		2,778	7,592
VAT and other tax recoverable		59,175	50,191
		71,739	70,870
Less: Allowance for ECL	35	(691)	(3,047)
		71,048	67,823
		151,308	123,965

20(a) Trade receivables

Apart from a portion of the contract sum retained by customers to cover the Group's product quality warranty, the Group does not grant credit terms to customers in the sales contract. However, the Group may grant credit terms up to 30 days from the date of issuance of invoices to its customers for their processing of billing settlement or settlement terms as specified in the contracts for a specific settlement arrangement with monthly instalments paid up to 12 months as approved by the management on a case by case basis.

Included in trade receivables at 31 December 2025 is retained sums of approximately RMB1,883,000 (2024: approximately RMB9,050,000). These are due for collection upon the expiry of product quality warranty period (which is usually 12 months from the acceptance by the customer of the machine).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

20. TRADE AND OTHER RECEIVABLES *(continued)*

20(a) Trade receivables *(continued)*

At the end of reporting period, the ageing analysis of trade receivables and bills receivables (net of allowance for ECL) based on revenue recognition date is as follows:

	2025 RMB'000	2024 RMB'000
Within 30 days	24,139	3,278
31 to 60 days	19,360	6,054
61 to 90 days	4,742	4,665
91 to 180 days	7,432	11,273
181 to 365 days	10,691	19,544
Over 365 days	13,896	11,328
	80,260	56,142

At the end of reporting period, the ageing analysis of the trade receivables and bills receivables (net of allowance for ECL) by due date is as follows:

	2025 RMB'000	2024 RMB'000
Not yet due	27,653	27,746
Past due:		
Within 30 days	14,344	4,417
31 to 60 days	8,091	3,072
61 to 90 days	6,555	2,496
91 to 180 days	7,837	4,159
181 to 365 days	8,081	5,700
Over 365 days	7,699	8,552
	52,607	28,396
	80,260	56,142

The Group does not hold any collateral over the trade receivables.

In the opinion of the Company's directors, there was no credit-impaired trade receivables except for debtors with gross trade receivables of approximately RMB5,933,000 (2024: approximately RMB14,518,000) at 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

20. TRADE AND OTHER RECEIVABLES *(continued)*

20(b) Bills receivables

At 31 December 2024, the bills receivables were interest-free, guaranteed by banks in the PRC and have maturities of less than 1 year. All bills receivables were settled during the year ended 31 December 2025.

20(c) Consideration receivable

At 31 December 2024, the consideration receivable represented a carrying amount before ECL of final instalment of HK\$2,500,000 (equivalent to approximately RMB2,344,000) in relation to a disposal of an unlisted equity instrument to an independent third party at a total consideration of HK\$14,200,000 due to the investment no longer met the investment objective of the Group during the year ended 31 December 2022. The consideration receivable was fully impaired during the year ended 31 December 2023.

Information about the Group's exposure to credit risks and loss allowance for other receivables is set out in Note 35 to the consolidated financial statements.

21. BANK DEPOSIT WITH MATURITY OVER THREE MONTHS

At 31 December 2024, bank deposit with maturity over three months and less than 1 year amounted to RMB1,800,000 which was non-pledged and bearing interest rate of 0.85% per annum.

22. RESTRICTED BANK DEPOSITS

Restricted bank deposits are deposits which are placed in the PRC banks as securities for the issuance of bills payables (*Note 24(b)*).

23. BANK BALANCES AND CASH

Cash at banks earns interest at floating rates based on daily bank deposit rates. The carrying amounts of bank balances and cash are denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
RMB	38,236	35,061
HK\$	174	29
US\$	1,137	400
	39,547	35,490

At 31 December 2025, bank balances that were placed with banks in the PRC amounted to approximately RMB38,092,000 (2024: approximately RMB34,849,000). Remittance of funds out of the PRC is subject to the exchange controls imposed by the PRC government.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

24. TRADE AND OTHER PAYABLES

	Note	2025 RMB'000	2024 RMB'000
Trade payables	24(a)	94,208	87,953
Bills payables	24(b)	47,684	37,700
Other payables			
Salaries payable		7,187	7,634
Contract liabilities – receipt in advance	24(c)	109,351	95,081
Payable for construction in progress		26,342	58,453
Payable for property, plant and equipment		1,474	1,851
Other tax payables		1,274	1,574
Accruals and other payables	24(d)	22,613	23,769
		168,241	188,362
		310,133	314,015

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

24(a) Trade payables

The trade payables are non-interest bearing and the Group is normally granted with credit term up to 180 days.

At the end of the reporting period, the ageing analysis of the trade payables based on goods receipt date is as follows:

	2025 RMB'000	2024 RMB'000
Within 30 days	62,592	54,441
31 to 60 days	10,722	10,132
61 to 90 days	5,615	9,865
91 to 180 days	8,907	8,312
181 to 365 days	438	2,404
Over 365 days	5,934	2,799
	94,208	87,953

24(b) Bills payables

At the end of the reporting period, the bills payables are interest-free, guaranteed by banks in the PRC and have maturities of less than six months. The Group's bills payables are secured by pledge of the Group's restricted bank deposits of approximately RMB20,034,000 (2024: approximately RMB14,211,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

24. TRADE AND OTHER PAYABLES *(continued)*

24(c) Contract liabilities – receipt in advance

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within HKFRS 15 during the year are as follows:

	2025 RMB'000	2024 RMB'000
At the beginning of the reporting period	95,081	76,250
Recognised as revenue	(84,844)	(57,819)
Receipt in advance	99,114	76,650
At the end of the reporting period	109,351	95,081

At 31 December 2025, the contract liabilities that are expected to be settled within 12 months are approximately RMB109,351,000 (2024: approximately RMB95,081,000).

For the year ended 31 December 2025, there was an increase in the overall contract activities, thereby increasing the amount arising from the receipt of advances.

24(d) Accruals and other payables

At 31 December 2025, included in the balance of accruals and other payables of RMB1,750,000 (2024: approximately RMB2,915,000) represents a payable in relation to the development of a "5G+ Intelligent Platform for Equipment Operation and Maintenance Services".

In July 2025, a service provider of Jinjiang Haina (the "Plaintiff") submitted an application for civil case proceedings at Fujian Province Jinjiang City People's Court* (福建省晉江市人民法院) (the "Court") for claiming an outstanding contract sum of approximately RMB3,218,000 and damages of approximately RMB965,000 from Jinjiang Haina in relation to the development of a "5G+ Intelligent Platform for Equipment Operation and Maintenance Services" (the "Claim").

On 10 November 2025, Jinjiang Haina and the Plaintiff entered into a civil mediation agreement that Jinjiang Haina and the Plaintiff agreed to settle the outstanding contract sum of approximately RMB2,100,000 payable in 12 equal monthly instalments from November 2025. At 31 December 2025, the remaining agreed outstanding contract sum of RMB1,750,000 will be settled in 10 equal monthly instalments. The directors of the Company are of the opinion that no further provision in respect of the Claim is required to be provided at 31 December 2025. Accordingly, the related original payable in excess of the agreed outstanding contract sum of approximately RMB815,000 had been written back during the year ended 31 December 2025.

Up to the date of this annual report, there is no further update for the Claim.

* English name is for identification purpose only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

25. LEASES

	2025 RMB'000	2024 RMB'000
Right-of-use assets (Note 12)		
Leased properties	2,871	9,150
Leasehold lands	40,666	41,542
	43,537	50,692
Lease liabilities		
Current	1,347	2,665
Non-current	1,682	6,174
	3,029	8,839

In addition to the information disclosed in Note 12, the Group had the following amounts relating to leases during the years ended 31 December 2025 and 31 December 2024:

	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets		
Leased properties	7,219	10,290
Leasehold lands	875	875
	8,094	11,165
Less: capitalised as "construction in progress"	(426)	(875)
	7,668	10,290

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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25. LEASES (continued)

The present value of lease liabilities is summarised as below:

	2025		2024	
	Lease payments RMB'000	Present value of lease payments RMB'000	Lease payments RMB'000	Present value of lease payments RMB'000
Amounts payable:				
Within 1 year	1,416	1,347	2,955	2,665
More than 1 year but within 2 years	943	904	1,593	1,384
More than 2 years but within 5 years	786	778	3,551	3,236
After 5 years	—	—	1,623	1,554
	3,145	3,029	9,722	8,839
Less: future finance charges	(116)	—	(883)	—
Total lease liabilities	3,029	3,029	8,839	8,839

The total cash outflow for leases for the year ended 31 December 2025 was approximately RMB6,567,000 (2024: approximately RMB11,971,000).

26. INTEREST-BEARING BORROWINGS

	2025 RMB'000	2024 RMB'000
Bank loans – unsecured	11,000	6,000
Bank loans – secured	343,398	275,037
	354,398	281,037
	2025 RMB'000	2024 RMB'000
Analysed for reporting purpose:		
Carrying amounts of interest-bearing borrowings that are repayable*		
Within one year	79,467	65,851
More than one year, but not exceeding two years	12,457	12,096
More than two years, but not exceeding five years	44,059	28,336
More than five years	218,415	174,754
Amounts shown under current liabilities	354,398	281,037

* The amounts due are based on scheduled repayment dates, set out in the loan agreements.

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26. INTEREST-BEARING BORROWINGS *(continued)*

The exposure of the Group's borrowings is as follows:

	2025 RMB'000	2024 RMB'000
Fixed-rate borrowings	91,295	45,783
Variable-rate borrowings	263,103	235,254
	354,398	281,037

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	2025	2024
Effective interest rate:		
Fixed-rate borrowings	1.50% to 3.30%	2.00% to 3.65%
Variable-rate borrowings	2.00% to 3.50%	2.00% to 3.78%

The carrying amounts of the interest-bearing borrowings are denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
RMB	354,398	281,037

At 31 December 2025, the secured bank loans are collectively secured by:

- (i) land use rights, buildings, construction in progress and investment properties of the Group with aggregate net carrying value of approximately RMB40,666,000 (2024: approximately RMB41,542,000), approximately RMB125,423,000 (2024: approximately RMB49,282,000), approximately RMB187,497,000 (2024: approximately RMB188,145,000) and approximately RMB120,800,000 (2024: nil), respectively;
- (ii) restricted bank deposits amounted to approximately RMB30,000 (2024: approximately RMB30,000);
- (iii) personal guarantee given by Mr. Hong Yiyuan, who is one of the Controlling Shareholders, to the extent of approximately RMB10,000,000 (2024: approximately RMB10,000,000);
- (iv) personal guarantees given by Mr. Hong Yiyuan, Mr. Zhang Zhixiong, Mr. Su Chengya and Mr. He Ziping, who are the Controlling Shareholders, to the extent of RMB20,000,000 (2024: nil) respectively; and
- (v) personal guarantee collectively given by Mr. Hong Yiyuan, Mr. Zhang Zhixiong, Mr. Su Chengya and Mr. He Ziping, who are the Controlling Shareholders, to the extent of approximately RMB30,000,000 (2024: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

26. INTEREST-BEARING BORROWINGS *(continued)*

All of the bank facilities are subject to the fulfillment of certain covenants which are commonly found in lending arrangements with financial institutions. If the Company and subsidiaries were to breach the covenants, the drawn down facilities would become repayable on demand. In addition, certain of the relevant borrowing entities' loan agreements contain clauses which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the relevant borrowing entities have complied with the covenants and met the scheduled repayment obligations.

The Group regularly monitors its compliance with these covenants and has made payments according to the schedule of the loans and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the Group continues to meet these requirements. Further details of the Group's management of liquidity risk are set out in Note 35 to the consolidated financial statements. At 31 December 2025 and 2024, none of the covenants relating to drawn down facilities had been breached.

27. DEFERRED TAXATION

The movements in the Group's deferred tax assets (liabilities) for the years were as follows:

	Tax losses RMB'000	Depreciation allowance RMB'000	Accrued revenue and costs RMB'000	Intangible assets RMB'000	Total RMB'000
At 1 January 2024	2,174	–	(1,074)	(453)	647
Credited to profit or loss	–	–	–	317	317
At 31 December 2024 and 1 January 2025	2,174	–	(1,074)	(136)	964
(Charged) Credited to profit or loss	(66)	–	–	136	70
At 31 December 2025	2,108	–	(1,074)	–	1,034

For the purpose of presentation in the consolidated financial statements, the following is the analysis of the deferred taxation:

	Assets		Liabilities	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Accrued revenue and costs	–	–	(1,074)	(1,074)
Intangible assets	–	–	–	(136)
Tax losses	2,108	2,174	–	–
Deferred tax assets (liabilities)	2,108	2,174	(1,074)	(1,210)
Amounts expected to be settled:				
After 12 months	2,108	2,174	(1,074)	(1,210)

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27. DEFERRED TAXATION *(continued)*

At the end of reporting period, the Group has unused estimated tax losses of approximately RMB86,464,000 (2024: RMB85,195,000) arising in the PRC but can be offset against future taxable profits of the respective subsidiary for a maximum of 5 years from the year in which the tax loss was incurred.

	2025 RMB'000	2024 RMB'000
Year of expiry		
2026	14,494	14,494
2027	13,415	13,415
2028	25,378	25,378
2029	31,908	31,908
2030	1,269	—
	86,464	85,195

Deferred tax assets of approximately RMB2,108,000 (2024: approximately RMB2,174,000) have been recognised in respect of such loss and no deferred tax assets has been recognised in respect of the remaining unused tax losses of approximately RMB71,970,000 (2024: approximately RMB70,701,000) due to the unpredictability of future profit streams.

No deferred tax has been recognised for withholding taxes that would be payables on the unremitted earnings of the Group's subsidiaries established in the PRC. In the opinion of the management of the Group, it is probable that the earnings will not be distributed in the foreseeable future. The estimated withholding tax effects on the distribution of accumulated profits that have been recognised were approximately RMB7,741,000 (2024: approximately RMB6,853,000).

28. SHARE CAPITAL

Ordinary share of HK\$0.01 each	Number of shares	HK\$	Equivalent to RMB'000
Authorised:			
At 31 December 2024, 1 January 2025 and 31 December 2025	2,000,000,000	20,000,000	10,695
Issued and fully paid:			
At 31 December 2024, 1 January 2025 and 31 December 2025	563,976,000	5,639,760	5,088

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29. RESERVES

29(a) Share premium

Share premium represents the excess of the net proceeds or consideration from issuance of the Company's shares over their par value.

29(b) Capital reserve

Capital reserve represents waiver of amount due to ultimate holding company during the year ended 31 December 2020.

29(c) Statutory reserve

Statutory reserve is required to be appropriated from profit after income tax of the entity which established in the PRC, determined in accordance with the relevant laws and regulations in the PRC. Allocation to the statutory reserve shall be approved by the board of directors of the PRC entity. The appropriation to statutory reserve may cease if the balance of the statutory reserve has reached 50% of the registered capital of the PRC entity. The statutory reserve can be used to make up for losses, expand the existing operation or for conversion into capital. The PRC entity may, upon the approval by a resolution of shareholders' general meeting/board of directors' meeting, convert the statutory reserve into capital in proportion to the then existing shareholdings. However, when converting the statutory reserve into capital, the balance of such reserve remaining unconverted must not be less than 25% of the registered capital of that entity.

29(d) Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the Group's entities that have functional currency different from the presentation currency for consolidation.

30. SHARE-BASED PAYMENTS

Pursuant to the Company's general meeting on 8 May 2020 (the "**Date of Adoption**"), an ordinary resolution was passed to approve and adopt the new share option scheme of the Company (the "**Scheme**").

The purpose of the Scheme is to provide incentives or rewards to participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any invested entity. Participants of the scheme include (i) any eligible employee; (ii) any director (including executive, non-executive and independent non-executive directors) of the Company, any of its subsidiaries or any invested entity; (iii) any supplier of goods or services to any member of the Group or any invested entity; (iv) any customer of the Group or any invested entity; (v) any person or entity acting in their capacities as advisers or consultants that provides research, development or other technological support to the Group or any invested entity; (vi) any shareholder of any member of the Group or any invested entity or any holder of any securities issued by any member of the Group or any invested entity; and (vii) any other group or class of Participants from time to time determined by the directors as having contributed or may contribute to the development and growth of the Group and any invested entity. The Scheme will remain in force for 10 years from the Date of Adoption, unless otherwise terminated or altered.

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Year ended 31 December 2025

30. SHARE-BASED PAYMENTS *(continued)*

The total number of shares which may be granted under the Scheme and any other share option schemes of the Company shall not exceed 10% of the total number of shares in issue immediately upon completion of the Share Offer (the “**10% Limit**”) unless the Company seeks the approval of the shareholders in general meeting for refreshing the 10% Limit, if applicable. The maximum number of shares issued and issuable to each participant under the Scheme in any 12-month period shall not exceed 1% of the total number of shares of the Company in issue as at proposed grant date.

Each grant of options to a director, chief executive or substantial shareholder of the Company, or any of their respective associates, under the Scheme or any other share option scheme of the Company or any of its subsidiaries shall be subject to approval by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, in aggregate over 0.1% of the relevant class of shares in issue and with an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK\$5,000,000 within any 12-month period, are subject to shareholders’ approval in general meeting.

The offer of grant of share options is accepted upon a remittance in favour of the Company of HK\$1 by way of consideration for grant is received by the Company from grantee. The exercise period of the share options granted is determinable by the board of directors and commences from the date on which the offer of share options is duly accepted by the grantee in accordance with the Scheme.

The subscription price of share options is determinable by the board of directors, and shall not be lower than highest of (i) the closing price of the Company’s shares as stated in the Stock Exchange’s daily quotation sheet on the date of grant; (ii) the average closing price of the Company’s shares as stated in the Stock Exchange’s daily quotations sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company’s shares.

On 21 May 2021, the Company offered to grant a total of 14,000,000 share options at an exercise price of HK\$1.14 per share of the Company to certain eligible participants (the “**Grantees**”), of which 10,000,000 and 4,000,000 share options were respectively granted to the executive directors of the Company and certain employees of the Group, pursuant to the Scheme of the Company. The Grantees are entitled, subject to the terms and conditions of the grant and upon exercise, to subscribe a total of 14,000,000 ordinary shares in the share capital of the Company.

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Year ended 31 December 2025

30. SHARE-BASED PAYMENTS *(continued)*

The movement during the year ended 31 December 2025 and the share option outstanding at 31 December 2025 are as follows:

Category of the Grantees	Date of grant (dd/mm/yyyy)	Exercise price HK\$	Vesting date (dd/mm/yyyy)	Exercisable period (dd/mm/yyyy)	Number of share options				
					At 01/01/2025	Granted during the year	Exercised	Cancelled/ Lapsed	At 31/12/2025
Directors									
Mr. Hong Yiyuan	21/05/2021	1.14	01/01/2024	01/01/2024 -20/05/2031	2,000,000	-	-	-	2,000,000
			01/01/2025	01/01/2025 -20/05/2031	1,000,000	-	-	-	1,000,000
			01/01/2026	01/01/2026 -20/05/2031	1,000,000	-	-	-	1,000,000
					4,000,000	-	-	-	4,000,000
Mr. Zhang Zhixiong	21/05/2021	1.14	01/01/2024	01/01/2024 -20/05/2031	1,000,000	-	-	-	1,000,000
			01/01/2025	01/01/2025 -20/05/2031	500,000	-	-	-	500,000
			01/01/2026	01/01/2026 -20/05/2031	500,000	-	-	-	500,000
					2,000,000	-	-	-	2,000,000
Mr. Su Chengya	21/05/2021	1.14	01/01/2024	01/01/2024 -20/05/2031	1,000,000	-	-	-	1,000,000
			01/01/2025	01/01/2025 -20/05/2031	500,000	-	-	-	500,000
			01/01/2026	01/01/2026 -20/05/2031	500,000	-	-	-	500,000
					2,000,000	-	-	-	2,000,000
Mr. He Ziping	21/05/2021	1.14	01/01/2024	01/01/2024 -20/05/2031	1,000,000	-	-	-	1,000,000
			01/01/2025	01/01/2025 -20/05/2031	500,000	-	-	-	500,000
			01/01/2026	01/01/2026 -20/05/2031	500,000	-	-	-	500,000
					2,000,000	-	-	-	2,000,000
Sub-total					10,000,000	-	-	-	10,000,000
Eligible employees	21/05/2021	1.14	01/01/2024	01/01/2024 -20/05/2031	2,000,000	-	-	-	2,000,000
			01/01/2025	01/01/2025 -20/05/2031	1,000,000	-	-	-	1,000,000
			01/01/2026	01/01/2026 -20/05/2031	1,000,000	-	-	-	1,000,000
					4,000,000	-	-	-	4,000,000
Total					14,000,000	-	-	-	14,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

30. SHARE-BASED PAYMENTS *(continued)*

The movement during the year ended 31 December 2024 and the share option outstanding at 31 December 2024 were as follows:

Category of the Grantees	Date of grant (dd/mm/yyyy)	Exercise price HK\$	Vesting date (dd/mm/yyyy)	Exercisable period (dd/mm/yyyy)	Number of share options				At 31/12/2024
					At 01/01/2024	Granted during the year	Exercised	Cancelled/ Lapsed	
Directors									
Mr. Hong Yiyuan	21/05/2021	1.14	01/01/2024	01/01/2024 -20/05/2031	2,000,000	–	–	–	2,000,000
			01/01/2025	01/01/2025 -20/05/2031	1,000,000	–	–	–	1,000,000
			01/01/2026	01/01/2026 -20/05/2031	1,000,000	–	–	–	1,000,000
					4,000,000	–	–	–	4,000,000
Mr. Zhang Zhixiong	21/05/2021	1.14	01/01/2024	01/01/2024 -20/05/2031	1,000,000	–	–	–	1,000,000
			01/01/2025	01/01/2025 -20/05/2031	500,000	–	–	–	500,000
			01/01/2026	01/01/2026 -20/05/2031	500,000	–	–	–	500,000
					2,000,000	–	–	–	2,000,000
Mr. Su Chengya	21/05/2021	1.14	01/01/2024	01/01/2024 -20/05/2031	1,000,000	–	–	–	1,000,000
			01/01/2025	01/01/2025 -20/05/2031	500,000	–	–	–	500,000
			01/01/2026	01/01/2026 -20/05/2031	500,000	–	–	–	500,000
					2,000,000	–	–	–	2,000,000
Mr. He Ziping	21/05/2021	1.14	01/01/2024	01/01/2024 -20/05/2031	1,000,000	–	–	–	1,000,000
			01/01/2025	01/01/2025 -20/05/2031	500,000	–	–	–	500,000
			01/01/2026	01/01/2026 -20/05/2031	500,000	–	–	–	500,000
					2,000,000	–	–	–	2,000,000
Sub-total					10,000,000	–	–	–	10,000,000
Eligible employees	21/05/2021	1.14	01/01/2024	01/01/2024 -20/05/2031	2,000,000	–	–	–	2,000,000
			01/01/2025	01/01/2025 -20/05/2031	1,000,000	–	–	–	1,000,000
			01/01/2026	01/01/2026 -20/05/2031	1,000,000	–	–	–	1,000,000
					4,000,000	–	–	–	4,000,000
Total					14,000,000	–	–	–	14,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

30. SHARE-BASED PAYMENTS *(continued)*

The fair values of share options granted to directors and employees on 21 May 2021 are approximately HK\$0.355 and HK\$0.360 per option respectively, which are calculated using a Binomial Option Pricing Model by an independent professional valuer, Roma Appraisals Limited with the following key inputs:

Share price at the date of grant	HK\$1.14
Exercise price	HK\$1.14
Expected volatility	46.42%
Risk-free interest rate	1.10%
Expected dividend yield	6.09%

The Binomial Option Pricing Model has been used to estimate the fair value of the share option. The value of the share options is subject to the limitation of the Binomial Option Pricing Model and a number of assumptions which are subjective and difficult to ascertain. Changes in the subjective input assumptions could materially effect the fair value estimate.

During the year ended 31 December 2025, with reference to the fair value of the share options granted, the Group recognised HK\$261,000 (equivalent to approximately RMB241,000) (2024: HK\$608,000 (equivalent to approximately RMB562,000)) as equity-settled share-based payment expenses. None of the share options was exercised.

31. ACQUISITION OF ADDITIONAL INTEREST IN A SUBSIDIARY

On 28 October 2024, Jinjiang Haina and the non-controlling shareholder of Jinjiang Haituo (the “Vendor”), who have 49% equity interest in Jinjiang Haituo, entered into an equity transfer agreement, pursuant to which the Vendor conditionally agreed to sell and Jinjiang Haina conditionally agreed to purchase the remaining 49% of the equity interests of Jinjiang Haituo, at an aggregate consideration of approximately RMB2,450,000 (the “Acquisition”).

The Acquisition was completed on 31 October 2024. Upon completion of the Acquisition, Jinjiang Haituo became an indirect wholly-owned subsidiary of the Company. The carrying amount of the non-controlling interest in Jinjiang Haituo on the date of acquisition was approximately RMB1,836,000, the Group derecognised non-controlling interests of approximately RMB1,836,000 and recognised directly in equity attributable to owners of the Company of approximately RMB614,000 for the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid.

The consideration will be settled by two instalments in accordance with the equity transfer agreement, the first instalment of RMB2,030,000 was paid by the Group during the year ended 31 December 2024 and the remaining balance of consideration of RMB420,000 is payable before 31 January 2025. At 31 December 2024, the remaining balance of consideration was included in other payables (Note 24). The Group has settled the remaining consideration of RMB420,000 to the Vendor during the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

32. LOSS ON DISPOSAL OF A SUBSIDIARY

On 25 November 2025, the Group disposed of its 55% equity interests in Aopusi to the non-controlling shareholder (the “**Purchaser**”) without any consideration in accordance with the share transfer agreement dated 10 November 2025 (the “**Disposal**”). The consideration was determined after arm’s length negotiations between the Group and the Purchaser with reference to (i) the financial information of Aopusi; and (ii) the business prospect of Aopusi.

Details of the consideration received for the Disposal and net liabilities of Aopusi at the date of disposal are summarised as follows:

RMB'000

Consideration received, satisfied by:

Cash received	—
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Net liabilities disposed of:

Property, plant and equipment	306
Right-of-use assets	3,043
Inventories	12,285
Trade and other receivables	1,927
Cash and bank balances	3
Trade and other payables	(14,253)
Amount due to non-controlling interests	(3,594)
Lease liabilities	(3,533)

Net liabilities at the date of disposal	(3,816)
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Non-controlling interests	4,887
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Consideration	—
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Loss on disposal of Aopusi	1,071
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Net cash outflows from the Disposal

Consideration received	—
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Less: Cash and bank balances disposed of	(3)
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(3)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

33. ADDITIONAL INFORMATION ON CASH FLOWS

33(a) Major non-cash transactions

In addition to the information disclosed elsewhere in the consolidated financial statements, the Group has following major non-cash transactions:

During the year ended 31 December 2025, the Group recognised right-of-use assets by incurring lease liabilities of approximately RMB4,158,000 (2024: approximately RMB6,608,000).

During the year ended 31 December 2024, the Group adjusted right-of-use assets by remeasuring lease liabilities of approximately RMB3,629,000 upon modifying lease with decreased lease consideration and shortening of lease terms.

During the year ended 31 December 2025, the Group incurred payables of approximately RMB32,111,000 (2024: approximately RMB24,354,000) to the constructors for the addition of property, plant and equipment.

33(b) Reconciliation of liabilities arising from financing activities

Details of the changes in the Group's liabilities from financing activities are as follows:

	Interest-bearing borrowing RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2024	77,026	17,146	94,172
Cash flows, net	203,125	(11,971)	191,154
Additions	—	6,608	6,608
Lease modification	—	(3,629)	(3,629)
Interest expenses	886	685	1,571
At 31 December 2024 and 1 January 2025	281,037	8,839	289,876
Cash flows, net	70,513	(6,567)	63,946
Additions	—	4,158	4,158
Early termination of leases	—	(177)	(177)
Disposal of a subsidiary	—	(3,533)	(3,533)
Interest expenses	2,848	309	3,157
At 31 December 2025	354,398	3,029	357,427

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

34. RELATED PARTY/CONNECTED TRANSACTION

In addition to the information disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with related parties:

34(a) Related party transaction

There are no other related party transactions during the years ended 31 December 2025 and 2024.

34(b) Remuneration for key management personnel of the Group

There was no remuneration to members of key management other than the Company's directors as disclosed in Note 7 for the years ended 31 December 2025 and 2024.

34(c) Connected transactions

During the years ended 31 December 2025 and 2024, the Group had the following transactions with persons who would be regarded as connected persons as defined in the Chapter 14A of the Listing Rules:

	Note	2025 RMB'000	2024 RMB'000
Purchase of materials from:			
晉江市恒勤機械工貿有限公司 (Jinjiang City Hengqin Machinery Industry and Trade Limited*) ("Hengqin Machinery")	(i)	1,860	5,277
晉江市盛榮機械設備有限公司 (Jinjiang City Shengrong Machinery Equipment Limited*) ("Shengrong Machinery")	(ii)	1,919	1,686
廣東愛美高智能設備有限公司 (Guangdong Imiko Intelligent Equipment Co., Ltd.*) ("Guangdong Imiko")	(iii)	1,539	3,834
佛山市後道包裝設備有限公司 (Foshan Houdao Packaging Equipment Co., Ltd.*) ("Foshan Houdao")	(iv)	2,775	—
Sales of materials to:			
廣東愛美高智能設備有限公司 ("Guangdong Imiko")	(iii)	28	1,017
佛山市後道包裝設備有限公司 ("Foshan Houdao")	(iv)	9	1,113

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

34. RELATED PARTY/CONNECTED TRANSACTION *(continued)*

34(c) Connected transactions *(continued)*

Notes:

- (i) Hengqin Machinery is a limited liability company established in the PRC, and is wholly-owned by three relatives of one of the Controlling Shareholders of the Company.
- (ii) Shengrong Machinery is a limited liability company established in the PRC, and is wholly-owned by a relative of one of the Controlling Shareholders of the Company.
- (iii) Guangdong Imiko is a limited liability company established in the PRC, and is ultimately controlled by a controlling shareholder of Aopusi. These connected transactions were incurred before the disposal of Aopusi (*Note 32*). Transactions incurred after the disposal of Aopusi are not considered as connected transactions.
- (iv) Foshan Houdao is a limited liability company established in the PRC, a wholly-owned subsidiary of Guangdong Imiko and is ultimately controlled by a controlling shareholder of Aopusi. These connected transactions were incurred before the disposal of Aopusi (*Note 32*). Transactions incurred after the disposal of Aopusi are not considered as connected transactions.

* *English name is for identification purpose only.*

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise of unlisted debt instrument at amortised cost, listed equity securities at FVPL, restricted bank deposits, bank balances and cash and interest-bearing borrowings. The main purpose of these financial instruments is to raise and maintain finance for the Group's operations. The Group has various other financial instruments such as trade and other receivables and trade and other payables, which arise directly from its business activities.

The accounting policies for financial instruments have been applied to the line items below:

At 31 December 2025

	Financial assets at amortised cost <i>RMB'000</i>	Financial assets at FVPL <i>RMB'000</i>	Total <i>RMB'000</i>
Assets			
Listed equity securities at FVPL	–	210	210
Unlisted debt instrument at amortised cost	–	–	–
Trade and other receivables	83,038	–	83,038
Restricted bank deposits	20,064	–	20,064
Bank balances and cash	39,547	–	39,547
Total	142,649	210	142,859

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Financial assets
at amortised cost
RMB'000

Liabilities

Trade and other payables	193,595
Interest-bearing borrowings	354,398
Total	547,993

At 31 December 2024

	Financial assets at amortised cost RMB'000	Financial assets at FVPL RMB'000	Total RMB'000
Assets			
Listed equity securities at FVPL	—	225	225
Unlisted debt instrument at amortised cost	871	—	871
Trade and other receivables	63,753	—	63,753
Bank deposit with maturity over three months	1,800	—	1,800
Restricted bank deposits	14,241	—	14,241
Bank balances and cash	35,490	—	35,490
Total	116,155	225	116,380

Financial
liabilities
at amortised costs
RMB'000

Liabilities

Trade and other payables	211,300
Interest-bearing borrowings	281,037
Total	492,337

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, equity price risk, credit risk and liquidity risk. The Group does not have any written risk management policies and guidelines. However, the management meet regularly and co-operate closely with the directors of the Company to identify and evaluate risks and generally adopt conservative strategies on its risk management and limit the Group's exposure to these risks to a minimum as follows:

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's bank borrowings with floating interest rate. The Group's policy to manage its interest cost using a mix of fixed and variable rate debt. The management of the Group will review the proportion of borrowings in fixed and floating and ensure they are within reasonable range.

The Group has not entered into any interest rate swaps to hedge its exposure to interest risks and the Group's interest rate risk is mainly concentrated on the fluctuation of loan prime rate arising from the Group's bank borrowings.

At 31 December 2025, it is estimated that an increase/decrease of 1% in interest rates would decrease/increase (2024: increase/decrease) the Group's profit (2024: loss) before tax by approximately RMB2,631,000 (2024: approximately RMB2,353,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 1% increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next annual reporting period.

Foreign currency risk

The Group's transactions are mainly denominated in RMB, HK\$ and US\$.

Certain financial assets and financial liabilities of the Group are denominated in currencies other than the functional currencies of the respective group entities and therefore exposed to foreign currency risk. The net carrying amounts of those financial assets and liabilities are analysed as follows:

	Financial assets, net	
	2025 RMB'000	2024 RMB'000
US\$	14,063	5,828

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Foreign currency risk *(continued)*

The following table indicates the approximate change in the Group's pre-tax results if exchange rates of US\$ had changed against the functional currencies of the respective group entities by 5% and all other variables were held constant at the end of the reporting period.

	2025 RMB'000	2024 RMB'000
US\$	703	291

The sensitivity analysis has been determined assuming that the changes in foreign exchange rates had occurred at the end of the reporting period and had been applied to the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the year until the end of the next reporting period.

In the opinion of the Group's management, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of reporting period does not reflect the exposure during the years ended 31 December 2025 and 2024.

Equity price risk

The Group is exposed to equity price changes arising from equity investments of trading securities classified as listed equity securities at FVPL.

The Group's listed equity investments are listed on the Stock Exchange. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the stock market index and other industry indicators, as well as the Group's liquidity needs.

At 31 December 2025, it is estimated that a change of 15% (2024: 15%) in the relevant stock market index (for listed investments), with all other variables held constant, would have changed the Group's profit (2024: loss) before tax as follows:

	2025		2024	
	Increase (decrease) in equity price	RMB'000	Increase (decrease) in equity price	RMB'000
Changes in the relevant equity price risk variable:				
Increase	15%	32	15%	34
Decrease	(15%)	(32)	(15%)	(34)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Equity price risk *(continued)*

The sensitivity analysis has been determined assuming that the reasonably possible changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to the exposure to equity price risk in existence at that date. It is also assumed that the fair values of the Group's investments would change in accordance with the historical correlation with the relevant stock market index or the relevant stock market index or the relevant risk variables, and that all other variables remain constant. The stated changes represent management's assessment of reasonably possible changes in the relevant stock market index or the relevant risk variables over the period until the end of the next annual reporting period.

Credit risk

Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk is mainly attributable to trade and other receivables, debt instrument at amortised cost, restricted bank deposits and bank balances and cash. The Group limits its exposure to credit risk by selecting the counterparties with reference to their past credit history and/or market reputation. The Group's maximum exposure to the credit risk is summarised as follows:

	2025 RMB'000	2024 RMB'000
Trade and other receivables	83,038	63,753
Unlisted debt instrument at amortised cost	—	871
Bank deposit with maturity over three months	—	1,800
Restricted bank deposits	20,064	14,241
Bank balances and cash	39,547	35,490
	142,649	116,155

The carrying amount of financial assets recognised on the consolidated statement of financial position, which is net of impairment losses, represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

The Group trades with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit are subject to credit verification procedures.

The Group's management considers the credit risk in respect of restricted bank deposits and bank balances is minimal because the counterparties are authorised financial institutions with high credit ratings.

The Group's management limits the Group's exposure to credit risk by taking timely actions once there is any indication for recoverability problem of each individual debtor.

The Group's management also reviews the recoverable amount of each individual debtor, including related and third parties, at the end of the reporting period to ensure adequate allowance is made for irrecoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

At 31 December 2025, the Group had a concentration of credit risk as approximately 13% (2024: *approximately 11%*) of the total trade receivables was due from the Group's largest trade debtor and approximately 40% (2024: *approximately 42%*) of the total trade receivables was due from the Group's five largest trade debtors.

Trade receivables

As part of the Group's credit risk management, the Group applies internal credit rating for its customers. The ECL allowance on trade receivables subject to ECL model which are assessed for individual debtors are approximately RMB10,195,000 (2024: *approximately RMB16,448,000*) on gross amount of approximately RMB90,455,000 (2024: *approximately RMB72,061,000*) at 31 December 2025.

The following table provides information about the exposure to credit risk and ECL for trade receivables which are assessed using a provision matrix with appropriate groupings based on shared credit risk characteristics of customers at 31 December 2025 and 2024.

At 31 December 2025

Internal credit rating (Remarks)	Average loss rate %	Gross carrying amount RMB'000	Impairment loss allowance RMB'000
Risk Category 1	2.12	59,948	1,273
Risk Category 2	2.05	12,903	265
Risk Category 3	6.76	6,212	420
Risk Category 4	42.21	5,459	2,304
Risk Category 5	100.00	5,933	5,933
		90,455	10,195

At 31 December 2024

Internal credit rating (Remarks)	Average loss rate %	Gross carrying amount RMB'000	Impairment loss allowance RMB'000
Risk Category 1	1.25	38,989	487
Risk Category 2	2.13	47	1
Risk Category 3	4.60	7,385	340
Risk Category 4	9.91	11,122	1,102
Risk Category 5	100.00	14,518	14,518
		72,061	16,448

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Trade receivables *(continued)*

Remarks:

Risk Category	Description
Risk Category 1	The debtor has on-going business relationship with the Group with a good credit history. The Group expects the debtor to settle the receivable within one year.
Risk Category 2	The debtor has no recent business relationship with the Group but a good credit history is proven from various sources. The Group expects the debtor to settle the receivable within one year.
Risk Category 3	The debtor failed to settle on time due to a temporary problem, but the Group expects the problem could be resolved and the outstanding amount could be settled in a foreseeable future.
Risk Category 4	The counterparty failed to settle the receivables on time and the situation could not be resolved in a foreseeable future.
Risk Category 5	There is substantial evidence suggesting the counterparty is defaulted or that the Group could not contact the counterparty.

The following table shows the movements in allowance for ECL that has been recognised for trade receivables during the years ended 31 December 2025 and 2024.

	2025 RMB'000	2024 RMB'000
At the beginning of the reporting period	16,448	9,317
(Decrease) Increase in allowance, net	(4,126)	7,131
Written off	(2,124)	—
Exchange realignment	(3)	—
At the end of the reporting period	10,195	16,448

During the year ended 31 December 2025, the changes in loss allowance on trade receivables were due to the decrease (2024: increase) in long outstanding balance of certain debtors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Other receivables

The management of the Group considers that the financial assets included in other receivables (except for consideration receivable and interest receivable for debt instrument at amortised cost) have low credit risk based on its strong capacity to meet its contractual cash flow obligations in the near term and low risk of default. Impairment on other receivables is measured on 12-month ECL and reflects the short maturities of the exposures.

In estimating the ECL, the management of the Group has taken into account the historical actual credit loss experience over the past years and the financial position of the counterparties, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. Except for other receivables in respect of consideration receivable and interest receivable for debt instrument at amortised cost which were identified to have significant increase in credit risk, and impairment losses of approximately RMB691,000 (2024: approximately RMB3,047,000) were recognised during the year ended 31 December 2025, the management of the Group considers the ECL of remaining other receivables to be insignificant after taking into account the financial position and credit quality of the counterparties.

There was no change in the estimation techniques or significant assumptions made during the years ended 31 December 2025 and 2024.

The following table shows the movements in allowance for ECL that has been recognised for other receivables during the years ended 31 December 2025 and 2024.

	2025 RMB'000	2024 RMB'000
At the beginning of the reporting period	3,047	2,643
Increase in allowance	19	326
Written off	(2,243)	—
Exchange realignment	(132)	78
At the end of the reporting period	691	3,047

The significant change in the gross carrying amounts of the balances contributed to the written off of consideration receivables from an independent third party of RMB2,243,000 as a result of losing contact with the debtor.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Debt instrument at amortised cost

At 31 December 2025, the investment in debt instrument at amortised cost represents unquoted interest-bearing instrument. The management of the Group assessed the credit quality of instrument issuer based on its historical payment information (including interest payment), if applicable, financial position of the instrument issuer, and with reference to the relevant default probability analysis available in similar market. During the year ended 31 December 2025, a significant increase in credit risk was identified since the initial recognition of the investment, owing to defaults of the bond issuer in making interest and principal payments for its indebtedness, and the loss allowance recognised during the year was therefore measured at amount equal to lifetime ECL. Based on the assessment, loss allowance of approximately RMB857,000 (2024: approximately RMB7,463,000) was recognised in profit or loss during the year ended 31 December 2025.

The following table shows the movements in allowance for ECL that has been recognised for debt instrument at amortised cost during the years ended 31 December 2025 and 2024.

For the year ended 31 December 2025	Lifetime ECL – credit impaired RMB'000
At the beginning of the reporting period	31,939
Increase in allowance	857
Exchange realignment	(1,389)
At the end of the reporting period	31,407
For the year ended 31 December 2024	Lifetime ECL – credit impaired RMB'000
At the beginning of the reporting period	23,711
Increase in allowance	7,463
Exchange realignment	765
At the end of the reporting period	31,939

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk

Management of the Group aims at maintaining sufficient level of cash and cash equivalents to finance the Group's operations and expected expansion. The Group's primary cash requirements include payments for operating expenses and additions or upgrades of plant and equipment and intangible assets. The Group finances its working capital requirements mainly by the funds generated from operations.

The Group's non-derivative financial liabilities and lease liabilities at the end of the reporting period based on contractual undiscounted payments are summarised below:

	Total carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Less than 1 year or on demand RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000
At 31 December 2025						
Trade and other payables	193,595	193,595	193,595	–	–	–
Lease liabilities	3,029	3,145	1,416	943	786	–
Interest-bearing borrowings (Note)	354,398	354,398	354,398	–	–	–
	551,022	551,138	549,409	943	786	–
At 31 December 2024						
Trade and other payables	211,300	211,300	211,300	–	–	–
Lease liabilities	8,839	9,722	2,955	1,593	3,551	1,623
Interest-bearing borrowings (Note)	281,037	281,037	281,037	–	–	–
	501,176	502,059	495,292	1,593	3,551	1,623

Note:

Interest-bearing borrowings with a repayment on demand clause are included in the "less than 1 year or on demand" time band in the above maturity analysis. At 31 December 2025, the aggregate carrying amounts of these interest-bearing borrowings amounted to approximately RMB354,398,000 (2024: approximately RMB281,037,000). Taking into account of the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such interest-bearing borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements, as follows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Set forth below is the maturity analysis on the term loans subject to a repayment on demand clause based on scheduled repayments.

	Total carrying amount <i>RMB'000</i>	Total contractual undiscounted cash flow <i>RMB'000</i>	Less than 1 year or on demand <i>RMB'000</i>	1-2 years <i>RMB'000</i>	2-5 years <i>RMB'000</i>	Over 5 years <i>RMB'000</i>
At 31 December 2025						
Interest-bearing borrowings	354,398	409,591	87,501	19,567	63,704	238,819

	Total carrying amount <i>RMB'000</i>	Total contractual undiscounted cash flow <i>RMB'000</i>	Less than 1 year or on demand <i>RMB'000</i>	1-2 years <i>RMB'000</i>	2-5 years <i>RMB'000</i>	Over 5 years <i>RMB'000</i>
At 31 December 2024						
Interest-bearing borrowings	281,037	341,391	73,054	18,575	46,782	202,980

36. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in these financial statements on a recurring basis across the three levels of the fair value hierarchy defined in HKFRS 13, Fair Value Measurement, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 (lowest level): unobservable inputs for the asset or liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

36. FAIR VALUE MEASUREMENTS *(continued)*

a) Fair value of the Group's investment properties that are measured at fair value

At 31 December 2025

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Assets measured at fair value			
Investment properties:			
Industrial buildings – the PRC	–	–	120,800

During the year ended 31 December 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The details of the movements of the fair value measurement of the investment properties in the PRC categorised as Level 3 of the fair value hierarchy are as set out in Note 11.

Quantitative information of the significant unobservable inputs and description of valuation techniques used in Level 3 fair value measurement

The quantitative information of the significant unobservable input and description of valuation techniques used in Level 3 fair value measurement, including the description of the sensitivity to changes in unobservable inputs for recurring Level 3 fair value measurements, are as follows:

Investment properties	Valuation techniques	Unobservable inputs	Range
Industrial buildings – the PRC	Market comparison approach	Price per square metre	RMB2,622 to RMB2,909

The fair value of investment properties is determined using market comparison approach by reference to recent sales price of comparable property on a price per square metre basis, adjusted for a premium or a discount specific to the location and quality of the Group's buildings compared to the recent sales and the timing on the comparable transactions. Higher premium for higher quality buildings and a favourable adjustment on the timing of comparable transactions will result in a higher fair value measurement.

b) Fair value of the Group's financial assets that are measured at fair value

Financial assets	Fair value at 31 December	Fair value hierarchy	Valuation techniques and key inputs	Relationship of unobservable inputs to fair value	Sensitivity of unobservable inputs
	2025 RMB'000	2024 RMB'000			
Financial assets at FVPL					
Equity securities listed in Hong Kong	210	225	Level 1 Quoted bid prices in an active market	N/A	N/A

During the years ended 31 December 2025 and 2024, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

36. FAIR VALUE MEASUREMENTS *(continued)*

c) Fair value of the Group's financial assets and financial liabilities carried at other than fair value

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis. The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values.

37. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, to maintain an optimal capital structure to reduce the cost of capital and to support the Group's stability and growth. The management consider the total equity as disclosed in the consolidated statement of financial position as the Group's capital.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or return capital to shareholders. No changes were made in the objectives, policies or processes during the years ended 31 December 2025 and 2024.

38. COMMITMENTS

At the end of the reporting period, the Group had the following capital expenditure commitments:

	2025 RMB'000	2024 RMB'000
Contracted but not provided net of deposit paid for		
– construction in progress	10,576	61,261
– development of intangible assets	–	27,679
	10,576	88,940

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2025 RMB'000	2024 RMB'000
Non-current assets			
Plant and equipment		—	85
Investment in a subsidiary		—*	—*
		—	85
Current assets			
Equity instruments at FVPL		210	225
Debt instrument at amortised cost		—	871
Other receivables		—	55
Amounts due from subsidiaries		131,996	141,690
Bank balances and cash		2	30
		132,208	142,871
Current liabilities			
Other payables		1,238	1,191
Lease liabilities		—	87
		1,238	1,278
Net current assets		130,970	141,593
Total assets less current liabilities		130,970	141,678
Non-current liabilities			
Lease liabilities		—	—
NET ASSETS		130,970	141,678
Capital and reserves			
Share capital	28	5,088	5,088
Reserves	39(a)	125,882	136,590
TOTAL EQUITY		130,970	141,678

* Represent amounts less than RMB1,000.

The statement of financial position was approved and authorised for issue by the Board of Directors on 27 March 2026 and signed on its behalf by

Mr. Hong Yiyuan
Director

Mr. Zhang Zhixiong
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

39(a) Movement of the reserves

	Share premium RMB'000	Capital reserve RMB'000	Share option reserve RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024	188,294	12,559	3,588	4,413	(64,602)	144,252
Loss for the year	–	–	–	–	(12,174)	(12,174)
Other comprehensive income:						
<i>Item that may be reclassified subsequently to profit or loss</i>						
Exchange difference on translation of the Company's financial statements to presentation currency	–	–	–	3,950	–	3,950
Total comprehensive loss for the year	–	–	–	3,950	(12,174)	(8,224)
Transactions with owners:						
<i>Contributions and distributions</i>						
Recognition of equity-settled share-based payment expenses (Note 30)	–	–	562	–	–	562
Total transaction with owners	–	–	562	–	–	562
At 31 December 2024	188,294	12,559	4,150	8,363	(76,776)	136,590

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

39(a) Movement of the reserves *(continued)*

	Share premium RMB'000	Capital reserve RMB'000	Share option reserve RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2025	188,294	12,559	4,150	8,363	(76,776)	136,590
Loss for the year	-	-	-	-	(5,020)	(5,020)
Other comprehensive loss:						
<i>Item that may be reclassified subsequently to profit or loss</i>						
Exchange difference on translation of the Company's financial statements to presentation currency	-	-	-	(5,929)	-	(5,929)
Total comprehensive loss for the year	-	-	-	(5,929)	(5,020)	(10,949)
Transactions with owners:						
<i>Contributions and distributions</i>						
Recognition of equity-settled share-based payment expenses (Note 30)	-	-	241	-	-	241
Total transaction with owners	-	-	241	-	-	241
At 31 December 2025	188,294	12,559	4,391	2,434	(81,796)	125,882

The translation reserve represented foreign exchange differences arising from the translation of the Company's functional currency into the presentation currency.

40. EVENTS AFTER THE REPORTING PERIOD

In addition to information disclosed elsewhere in the consolidated financial statements, the Group had no significant subsequent event subsequent to 31 December 2025.

FINANCIAL SUMMARY

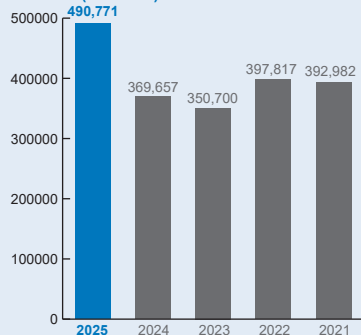
The following is a summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the Company's annual reports.

ASSETS AND LIABILITIES	As at 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Non-current assets	516,758	448,180	213,032	96,805	79,722
Current assets	441,169	423,679	464,525	454,858	548,194
Current liabilities	(667,032)	(598,508)	(360,692)	(205,507)	(269,583)
Non-current liabilities	(2,756)	(7,384)	(11,828)	(7,384)	(18,083)
Net assets	288,139	265,967	305,037	338,772	340,250
Equity attributable to owners of the Company	285,478	266,426	303,052	338,601	340,080
Non-controlling interests	2,661	(459)	1,985	171	170
Total equity	288,139	265,967	305,037	338,772	340,250

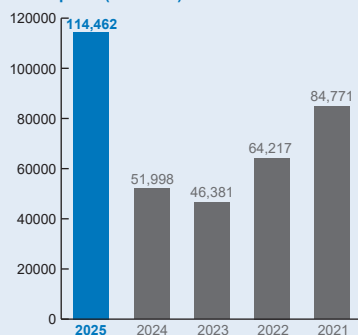
FINANCIAL SUMMARY

RESULTS	For the year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	490,771	369,657	350,700	397,817	392,982
Gross profit	114,462	51,998	46,381	64,217	84,771
Profit (Loss) before tax	19,799	(40,976)	(36,728)	(5,395)	27,166
Income tax (expense) credit	(698)	(12)	(804)	2,174	(870)
Profit (Loss) for the year	19,101	(40,988)	(37,532)	(3,221)	26,296
Profit (Loss) for the year attributable to:					
Owners of the Company	21,768	(38,130)	(35,796)	(3,147)	26,980
Non-controlling interests	(2,667)	(2,858)	(1,736)	(74)	(684)
	19,101	(40,988)	(37,532)	(3,221)	26,296

Revenue (RMB'000)



Gross profit (RMB'000)



Profit (Loss) attributable to owners of the Company (RMB'000)

