



2025

ANNUAL REPORT

博尼国际控股有限公司
Bonny International Holding Limited
(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1906



CONTENTS

Company Profile

Corporate Information	2
-----------------------	---

Financial Highlights

Financial Highlights	4
----------------------	---

Business Overview and Corporate Governance

Management Discussion and Analysis	5
Directors and Senior Management	12
Corporate Governance Report	16
Environmental, Social and Governance (ESG) Report	28
Directors' Report	71

Financial Statements

Independent Auditor's Report	84
Consolidated Statements of Profit or Loss	90
Consolidated Statements of Comprehensive Income	91
Consolidated Statements of Financial Position	92
Consolidated Statements of Changes in Equity	94
Consolidated Statements of Cash Flows	95
Notes to Financial Statements	97

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Jin Guojun (*Chairman*)
Mr. Zhao Hui

Non-executive Directors

Ms. Gong Lijin
Ms. Huang Jingyi

Independent Non-executive Directors

Mr. Chan Yin Tsung
(*Lead independent non-executive Director*)
Mr. Chow Chi Hang Tony
Dr. Wei Zhongzhe

JOINT COMPANY SECRETARIES

Mr. Zhao Hui
Mr. Yip Ngai Hang

AUTHORISED REPRESENTATIVES

Mr. Zhao Hui
Mr. Yip Ngai Hang

AUDIT COMMITTEE

Mr. Chan Yin Tsung (*Chairman*)
Mr. Chow Chi Hang Tony
Dr. Wei Zhongzhe

REMUNERATION COMMITTEE

Dr. Wei Zhongzhe (*Chairman*)
Mr. Jin Guojun
Mr. Chan Yin Tsung

NOMINATION COMMITTEE

Mr. Jin Guojun (*Chairman*)
Ms. Gong Lijin (appointed as a member
on 27 June 2025)
Mr. Chan Yin Tsung
Mr. Chow Chi Hang Tony (appointed as a member
on 27 June 2025)
Dr. Wei Zhongzhe

REGISTERED OFFICE

Harneys Fiduciary (Cayman) Limited
4th Floor
Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 129, Chunhan Road, Beiyuan Street
Yiwu City, Zhejiang Province
PRC

WEBSITE OF THE COMPANY

www.bonnychina.com

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

27th Floor,
157 Johnston Road,
Wan Chai,
Hong Kong

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Harneys Fiduciary (Cayman) Limited
4th Floor
Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman, KY1-1002
Cayman Islands

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

LEGAL ADVISER AS TO HONG KONG LAWS

Loeb & Loeb LLP
2206–19 Jardine House
1 Connaught Place, Central
Hong Kong

PRINCIPAL BANKERS

China Construction Bank (Yiwu Branch)
Industrial and Commercial Bank of China Limited
(Yiwu Branch)
China Zheshang Bank Co., Ltd (Yiwu Branch)

STOCK CODE

1906

Financial Highlights

Selected Financial Data	2021 <i>RMB'000</i>	2022 <i>RMB'000</i>	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>	2025 <i>RMB'000</i>
Revenue	248,784	160,910	177,671	266,737	231,839
Cost of sales	(183,125)	(129,266)	(136,003)	(187,873)	164,673
Gross profit	65,659	31,644	41,668	78,864	67,166
Loss for the year	(6,557)	(70,942)	(45,210)	(16,733)	(56,794)
Total assets	593,731	571,498	588,082	644,804	623,007
Net asset value	345,733	289,941	312,677	355,536	297,996
Return on Equity (ROE)	(1.9%)	(24.5%)	(14.5%)	(4.7%)	(19.1%)
Return on Assets (ROA)	(1.1%)	(12.4%)	(7.7%)	(2.6%)	(9.1%)

Management Discussion and Analysis

The board (the “**Board**”) of directors (the “**Directors**”) of Bonny International Holding Limited (the “**Company**”) hereby presents the audited consolidated financial statements of the Company and its subsidiaries (together, the “**Group**”) for the twelve months ended 31 December 2025 (the “**Reporting Period**”) together with the comparative figures of the year ended 31 December 2024 (the “**Corresponding Period**”).

BUSINESS AND OPERATIONS REVIEW

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

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

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

Affected by fluctuations in the domestic and international economic environment, the Group’s ODM business segment experienced a decline in order volume during the Reporting Period, while its own-brand retail operations remained sluggish. The Group recorded annual revenue of approximately RMB231.8 million, a decrease of 13.1% from approximately RMB 266.7 million for the Corresponding Period. The Group recorded a total loss attributable to owners of the Company for the year of approximately RMB 56.8 million, compared to loss of approximately RMB 16.7 million for the Corresponding Period. The increase in the loss was primarily due to a decline in revenue and a decrease in the fair value of investment properties.

Brand management and sales

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

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

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

Product design, research and development

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

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

Production capacity

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

Human resources

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

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

Prospect and business strategy

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

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

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

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

The Group’s branded products business operated through Bonny HK has been incurring losses since 2018, with no sustainable signs of turnaround to date, which is due to structural and operational challenges including fierce domestic competition, limited scale of operations, low operational efficiency and inadequate operating leverage. Despite the adoption of a prudent strategy focused on safeguarding cash flow by controlling the number of new store openings and closing underperforming stores, the branded products business has continued to drag on the Group’s overall performance. After careful consideration, to eliminate the persistent drag of this business on the Company’s profitability and streamline business structure, the Company intends to dispose 100% equity interest in Hongkong Bonny Limited (“Bonny HK”) which owns the branded products business.

On 10 April 2026, the Company entered into a share purchase agreement with Hong Kong Bo De Trade Co., Limited and Mr. Jin Guojun (“**Mr. Jin**”) (as guarantor) (the “**SPA**”) in relation to the sale and purchase of the entire issued capital of Bonny HK (the “**Disposal**”) at a cash consideration of RMB241,700,000. The Disposal constitutes an indirect disposal of the Property which is owned by the Bonny HK Group. As the Purchaser is indirectly wholly-owned by Mr. Jin Bo, son of Mr. Jin, and Mr. Jin (as guarantor under the SPA) is the chairman and executive Director of the Company, the Purchaser and Mr. Jin are connected persons of the Company and the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to announcement, Independent Shareholders’ approval and reporting requirements under the Listing Rules. As the highest applicable percentage ratio in respect of the Disposal exceeds 75%, the transaction contemplated under the SPA constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

Details of the Disposal are set out in the Company’s announcement dated 10 April 2026.

Financial Review

Revenue

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

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

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

Gross Profit

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

Other Income and Gains

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

Selling and Distribution Expenses

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

Administrative Expenses

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

Other Expenses

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

Fair value changes in investment properties

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

Finance Costs

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

Income Tax Expense

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

Loss Attributable to Equity Holders of the Parent

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

FOREIGN EXCHANGE RISK

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

MATERIAL ACQUISITIONS AND DISPOSALS

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

CAPITAL COMMITMENTS

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

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

CONTINGENT LIABILITIES

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

PLEDGE OF ASSETS

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

THE USE OF PROCEEDS OF RIGHTS ISSUE

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

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

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

SUBSEQUENT EVENT

Save for the proposed disposal of the entire equity interests in Hongkong Bonny Limited as announced by the Company on 10 April 2026, up to the date of this report, the Group had no other significant event occurred which would materially affect the Group's operating and financial performance.

EMPLOYEE AND REMUNERATION POLICY

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

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

SIGNIFICANT INVESTMENTS HELD

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Jin Guojun (“Mr. Jin”)

Mr. Jin, aged 49, is the chairman (the “**Chairman**”) of the Board (the “**Board**”) and was appointed as a Director on 19 July 2017 and was re-designated as an executive Director and appointed as the chief executive officer on 19 September 2018, and the last election was held on 30 May 2024. Mr. Jin has over 20 years of experience in the intimate wear manufacturing industry. He co-founded our Group with Ms. Gong Lijin (our non-executive Director and spouse of Mr. Jin) on 21 August 2001. Mr. Jin resigned as the directors and managers of various subsidiaries of the Company (including Zhejiang Bonny Fashion Holding Group Co., Ltd.* (浙江博尼時尚控股集團有限公司) (“**Zhejiang Bonny**”), Shanghai Bonny Apparel Co., Ltd.* (上海博尼服裝有限公司) (“**Shanghai Bonny**”), Yiwu Fayue Apparel Co., Ltd.* (義烏法悅服飾有限公司) (“**Yiwu Fayue**”), Yiwu Leyishang Apparel Co., Ltd.* (義烏樂衣尚服飾有限公司) (“**Yiwu Leyishang**”) and Yiwu Bonny Fashion Apparel Co., Ltd.* (義烏博尼時尚服飾有限公司) (formerly known as Jiangxi Bonny Apparel Co., Ltd.* (江西博尼服飾有限公司)) (“**Yiwu Bonny Fashion**”) from 2023 to 2024. He has been serving as a director of the Company’s wholly-owned subsidiaries, Hong Kong Bonny Ltd. and Hong Kong Bonny Fashion Ltd.* (香港博尼時尚有限公司) (formerly known as Barry Trading Limited (巴瑞貿易有限公司)) since September 2017 and August 2025, respectively.

He co-founded Bode Holding Co., Ltd.* (博德控股集團有限公司) (“**Bode Holding**”) in September 2007 with Ms. Gong Lijin, in which he served as the chairman of the board until December 2019. Since November 2016, Mr. Jin has been acting as executive director and manager of Zhejiang Baicheng Trading Co., Ltd.* (浙江柏成貿易有限公司), a company jointly controlled by Mr. Jin and Ms. Gong Lijin.

Mr. Jin graduated from Correspondence College of the Party School of the Central Committee of C.P.C* (中共中央黨校函授學院) in the PRC majoring in economic management through distance learning in June 2001 and Chongqing University (重慶大學) in the PRC majoring in engineering management through distance learning in January 2014.

Mr. Jin is the spouse of Ms. Gong Lijin, a non-executive Director, and is the uncle of Ms. Huang Jingyi, a non-executive Director. He is one of the controlling shareholders of the Company.

Mr. Zhao Hui (“Mr. Zhao”)

Mr. Zhao, aged 56, was appointed as a Director on 19 July 2017 and was re-designated as an executive Director on 19 September 2018, and the last election was held on 30 May 2024. He was appointed as a joint company secretary of the Company on 30 June 2022. He joined our Group on 26 December 2007. He is the chief financial officer of Zhejiang Bonny and has acted as the secretary to the board and deputy general manager of Zhejiang Bonny since November 2013. He is primarily responsible for overseeing our Group’s financial strategies and management and internal compliance.

Mr. Zhao has over 30 years of experience in accounting and management in the textiles and clothing industry. Prior to joining our Group, from July 1990 to May 2003, he worked at Ezhou General Textiles Mill* (鄂州市針織總廠), which principally engages in the production and sale of socks, and at which he was primarily responsible for calculating wages and financial reporting of the company. From June 2003 to December 2007, Mr. Zhao served as the chief financial officer and deputy general manager of Zhejiang Hengxiang Cotton Textile Limited* (浙江恒祥棉紡織造有限公司), a company engages in the production and sale of cotton yarn, and at which he was primarily responsible for the financial management of the company.

Mr. Zhao graduated from Wuhan University of Technology (武漢理工大學) in the PRC majoring in accounting through distance learning in July 2013.

NON-EXECUTIVE DIRECTORS

Ms. Gong Lijin (“Ms. Gong”)

Ms. Gong, aged 47, was appointed as a Director on 19 July 2017 and re-designated as a non-executive Director on 19 September 2018, and the last election was held on 29 May 2025. She co-founded our Group with Mr. Jin and is primarily responsible for providing strategic advice on the operations and management of our Group. She joined our Group as the general manager of the International Business Department of Zhejiang Bonny on 21 August 2001. Ms. Gong served as a supervisor at Yiwu Bonny Fashion from July 2021 until her resignation in July 2025.

Ms. Gong has over 20 years of experience in accounting and management. Prior to joining our Group, she worked as an accountant in Yiwu Zhicheng Accounting Firm* (義烏市至誠會計師事務所) from September 1995 to January 2002. Ms. Gong served as a supervisor at Zhejiang Deshipu Polyamide Technology Co., Ltd.* (浙江德施普錦綸科技有限公司) and Bode Holding from December 2006 and September 2007, respectively, and resigned in August 2025. Ms. Gong served as a supervisor at Zhejiang Deshipu New Materials Technology Co., Ltd.* (浙江德施普新材料科技有限公司) from December 2010 and resigned in June 2025.

Ms. Gong graduated from Yiwu Industrial School* (義烏市工業學校) in the PRC majoring in computer accounting in June 1995 and Correspondence College of the Central Party School of the Communist Party of China* (中共中央黨校函授學院) in the PRC majoring in economic management through distance learning in June 2001.

Ms. Gong is the spouse of Mr. Jin Guojun, our executive Director, and the aunt of Ms. Huang Jingyi, a non-executive Director.

Ms. Huang Jingyi (“Ms. Huang”)

Ms. Huang, aged 29, was appointed as a non-executive Director on 1 November 2020, and the last election was held on 31 May 2023. She joined the Group from March to November 2018 as an export sales at Zhejiang Bonny. Ms. Huang joined Bode Holding since January 2020 as a business manager. From 2023 to 2024, she served as the director and manager of various subsidiaries of the Company, including Zhejiang Bonny, Shanghai Bonny, Yiwu Fayue, Yiwu Leyishang and Yiwu Bonny Fashion. Ms. Huang has been serving as the director and manager of Yiwu Bonny Trading Co., Ltd.* (義烏市博尼貿易有限公司) since March 2025 and the director and manager of Yiwu Baien Supplier Service Co., Ltd.* (義烏市鉅恩供應鏈服務有限公司) since November 2025.

Ms. Huang graduated from Chongqing University (重慶大學) in the PRC majoring in business management through distance learning in January 2017.

Ms. Huang is the niece of Mr. Jin Guojun, an executive Director, and the chairman of the Company and Ms. Gong Lijin, a non-executive Director.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Yin Tsung (“Mr. Chan”)

Mr. Chan, aged 46, was appointed as an independent non-executive Director on 1 July 2020, and the last election was held on 29 May 2025. He is the chairman of the audit committee of the Company (the “**Audit Committee**”) and member of each of the remuneration committee (the “**Remuneration Committee**”) and the nomination committee of the Company (the “**Nomination Committee**”). Mr. Chan has over 20 years of experience in initial public offering, corporate merger and acquisitions, restructuring, due diligence, audit, financial modeling and business valuation.

From November 2003 to July 2010, he held various positions in Ernst & Young, KPMG Transaction Advisory Services and PricewaterhouseCoopers Corporate Finance. Mr. Chan joined the investment banking division of Essence International Financial Holdings Limited from October 2010 to April 2011. From June 2011 to July 2012, Mr. Chan joined the private equity department of the same company as a senior manager. Mr. Chan served as an independent non-executive director of Jingneng Clean Energy Co., Limited (a company whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (stock code: 579) from December 2016 to August 2023. Mr. Chan has served as an independent non-executive director of China Ludao Technology Company Limited (stock code: 2023) since November 2016.

Mr. Chan obtained a bachelor’s degree in commerce from the University of British Columbia in November 2001, obtained a master’s degree in financial analysis from The Hong Kong University of Science, Technology in November 2011, and obtained an executive master’s degree in business administration from the Peking University in January 2023. Mr. Chan is a Certified Public Accountant of the American Institute of Certified Public Accountants.

Mr. Chow Chi Hang Tony (“Mr. Chow”)

Mr. Chow, aged 34, was appointed as an independent non-executive Director on 5 February 2021, and the last election was held on 29 May 2025. He is a member of the Audit Committee and the Remuneration Committee.

Mr. Chow is a practicing Barrister-At-Law in Hong Kong. He obtained a Bachelor of Laws degree and a Postgraduate Certificate in Laws from The Chinese University of Hong Kong in November 2014 and July 2015 respectively. Mr. Chow has been appointed as an independent non-executive director of P.B. Group Limited (formerly known as Feishang Non-metal Materials Technology Limited and HangKan Group Limited), a company whose shares are listed on GEM of the Stock Exchange (stock code: 8331), since January 2018.

Dr. Wei Zhongzhe (“Dr. Wei”)

Dr. Wei, aged 38, was appointed as an independent non-executive Director on 17 December 2021, and the last election was held on 30 May 2024. He is a member of the Audit Committee and Nomination Committee, and the chairman of the Remuneration Committee.

Dr. Wei is currently employed by the College of Chemical Engineering, Zhejiang University of Technology (浙江工業大學化學工程學院) engaging in teaching and research work. Dr. Wei specializes in conducting research of high-efficiency multi-component composite catalysts, and has over ten years of experience in the field. Since September 2020, Dr. Wei has been appointed as an assistant to the school master of the College of Chemical Engineering, Zhejiang University of Technology, at which he is primarily responsible for the development of academic curriculum and infrastructure of the college. Since January 2021, Dr. Wei has been engaged by Sinopec Ningbo New Materials Research Institute* (中石化寧波新材料研究院) to conduct post-doctoral research on high-efficiency multicomponent composite catalysts.

Dr. Wei holds a Bachelor of Science degree from Henan Normal University and obtained a Doctor of Science degree from Zhejiang University in June 2017.

SENIOR MANAGEMENT

Mr. Gao Jiangpeng (“Mr. Gao”)

Mr. Gao, aged 41, joined our Group as the manager of the Shanxi Office of Zhejiang Bonny on 21 March 2011. He subsequently worked as the director overseeing the northwest area of the PRC for Zhejiang Bonny from January 2014 to October 2016, and the director of the brand project department of Shanghai Bonny from November 2016 to July 2017. Since July 2017, he has been promoted as the deputy general manager of Shanghai Bonny. He is primarily responsible for the retail operation of our Group.

Mr. Gao worked as the manager of the Xi'an Office at Embry (China) Fashion Co., Ltd.* (安莉芳(中國)服裝有限公司), a company engages in the production and sale of intimate wear from April 2006 to February 2011, and was responsible for the retail operation of the company.

Mr. Gao graduated from Xi'an University of Finance and Economics* (西安財經學院) in the PRC majoring in marketing in June 2006.

Mr. Zhou Donggen (“Mr. Zhou”)

Mr. Zhou, aged 50, joined our Group on 23 January 2011 and has acted as the general manager of our intimate wear production centre of Zhejiang Bonny. Since June 2016, he has been promoted as the production manager of Zhejiang Bonny. He is primarily responsible for research and development, production and quality control of the company.

Mr. Zhou worked as the director at Guangzhou Painter Clothing Co., Ltd.* (廣州市畫爾服飾有限公司) from March 2008 to January 2011. He worked as the assistant general manager at Shenzhen Yves Clothing Co., Ltd.* (深圳市伊維斯服裝有限公司), a company engages in the production and sale of intimate wear from June 2003 to June 2007. He also worked as the assistant general manager at Guangdong Dongguan Yongcheng Garment Co., Ltd.* (廣東省東莞永誠製衣有限公司) from June 1997 to August 2001.

Mr. Zhou graduated from Nanchang University* (南昌大學) in the PRC majoring in information economics in July 1996.

JOINT COMPANY SECRETARIES AND AUTHORISED REPRESENTATIVES

Mr. Yip Ngai Hang (“Mr. Yip”)

Mr. Yip and Mr. Zhao Hui were appointed as the joint company secretaries and authorised representatives on 5 August 2023 and 30 June 2022 respectively.

Mr. Yip, aged 48, is a fellow member of the Hong Kong Institute of Certified Public Accountants. He is also the chief executive officer of a local professional firm providing regulatory compliance, corporate governance and corporate secretarial services to listed and unlisted corporations. Mr. Yip has over 20 years of experience in the field of accounting, auditing and regulatory compliance, corporate governance and corporate secretarial services with more than 10 years' experience in handling listed company secretarial and compliance related matters.

Corporate Governance Report

CORPORATE GOVERNANCE MEASURES

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

THE BOARD

Board Composition

The Board currently comprises of seven members, consisting of two executive Directors, two non-executive Directors and three independent non-executive Directors. The composition of the Board is as follows:

Executive Directors

Mr. Jin Guojun (*Chairman*)
Mr. Zhao Hui

Non-executive Directors

Ms. Gong Lijin
Ms. Huang Jingyi

Independent non-executive Directors

Mr. Chan Yin Tsung (*Lead independent non-executive Director*)
Mr. Chow Chi Hang Tony
Dr. Wei Zhongzhe

The list of directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

The Directors of the Company are appointed for an initial term of three years and are automatically re-elected for successive terms of one year each commencing from the day next after the expiry of the then current term of appointment. The biographical details, dates of appointment, and dates of the last election for the current Directors are set forth in the section headed "Directors and Senior Management" in the annual report. Save for Ms. Gong Lijin who is the spouse of Mr. Jin Guojun and Ms. Huang Jingyi who is the niece of Mr. Jin Guojun and Ms. Gong Lijin, none of the members of the Board had relationship (including financial, business, family or other material relationships) with each other.

Independent non-executive Directors

The independent non-executive Directors bring a wide range of business and financial expertise, experience and independent judgement to the Board and they are invited to serve on the Board committees of the Company. Through active participation at Board meetings, taking the lead in managing issues involving potential conflict of interests, all independent non-executive Directors have made various contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the shareholders.

As at 31 December 2025, the Board comprises three independent non-executive Directors which is in compliance with Rule 3.10(1) of the Listing Rules that every board of directors of a listed issuer must include at least three independent non-executive Directors and representing more than one-third of the board, which is in compliance with Rule 3.10A of the Listing Rules. In addition, Mr. Chan Yin Tsung, an independent non-executive Director of the Company, possesses appropriate professional qualifications and expertise in accounting or related financial management, which is in compliance with Rule 3.10(2) of the Listing Rules.

The Company has received written annual confirmation from each independent non-executive Director of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent in light of the independence guidelines set out in Rule 3.13 of the Listing Rules.

Appointment and re-election of Directors

The procedure and process of appointment, re-election and removal of directors are laid down in the Company's Articles of Association (the "**Articles**"). The Nomination Committee is responsible for reviewing Board composition, monitoring the appointment of Directors and assessing the independent non-executive Directors.

In accordance with Article 109 of the Articles, 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 once every three years. A retiring Director shall be eligible for re-election. The Directors to retire every year will be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. By virtue of Article 109 of the Articles, Mr. Zhao Hui, Ms. Huang Jingyi and Dr. Wei Zhongzhe will retire from office and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company ("**AGM**").

The Board and the Nomination Committee recommended their re-appointment. The Company's circular, sent together with this annual report, contains detailed information of the above recommended persons as required by the Listing Rules.

Duties performed by the Board and management

The Board is responsible for the overall development of the Group, approving and monitoring the overall development strategy of the Group, assessing, monitoring and controlling the operation and financial performance, ensuring that the Directors perform their proper duties and act in the best interests of the Group and hold discussions on various important and proper businesses of the Company in a timely manner. All Directors are entitled to raise and include any matters that should be submitted to the Board for discussion in the agenda of the board meeting. The management shall provide members of the Board and specialized committees under the Board with appropriate and sufficient information in a timely manner so as to update them with the latest developments of the Group and to better facilitate the discharge of their duties. The management team is accountable to the Board, executing the strategies and plans formulated by the Board, and making decisions in relation to the day-to-day operation of the Group.

The Board is responsible for performing the corporate governance duties set out in code provision A.2.1 of the CG Code.

The Board is also responsible for determining the Company's corporate governance policies which include:

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

Appropriate directors' liability insurance cover has been arranged to indemnify the Board members for liabilities arising out of corporate activities.

Training, Induction and Continuing Development of Directors

Induction materials and briefings regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest in the Group will be provided to newly appointed Directors shortly upon their appointment as Directors. Continuing briefings and professional development to Directors can be arranged whenever necessary. The Company will continue to provide and fund the continuing professional development training in accordance with code provision C.1.4 of the CG Code.

For the year ended 31 December 2025, all current Directors of the Company have confirmed that they have engaged in continuing professional development through training courses, meetings, and/or the review of relevant reference materials to enhance their understanding of corporate governance and regulations, as well as accounting standards in compliance with Code C.1 of the CG Code and as required under Rules 3.09F and 3.09G of the Listing Rules.

Directors' Attendance at Meetings

During the Reporting Period, the Company held four Board meetings and one general meeting. Details of the attendance records of Directors' attendance at the Board meetings, Board committee meetings and general meeting are set out below:

	Meetings Attended/Meetings Held				
	Board	Audit Committee	Nomination Committee	Remuneration Committee	General Meeting
Executive Directors					
Mr. Jin Guojun (<i>Chairman</i>)	4/4		1/1	1/1	1/1
Mr. Zhao Hui	4/4				1/1
Non-executive Directors					
Ms. Gong Lijin	4/4				1/1
Ms. Huang Jingyi	4/4				1/1
Independent Non-executive Directors					
Mr. Chan Yin Tsung	4/4	2/2	1/1	1/1	1/1
Mr. Chow Chi Hang Tony	4/4	2/2			1/1
Dr. Wei Zhongzhe	4/4	2/2	1/1	1/1	1/1

During the Reporting Period, save as disclosed in the above table, the Chairman has held a meeting with the independent non-executive Directors.

Board committees

Nomination Committee

The Company established a Nomination Committee with written terms of reference in compliance with paragraph B.3 of the CG Code.

The primary duties of the Nomination Committee include, without limitation, (a) to review the structure, size, composition and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (b) to determine the policy for the nomination of Directors, identify individuals suitably qualified to become members of the Board and may select individuals nominated for directorship; (c) to assess the independence of the independent non-executive Directors; and (d) to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for Directors, in particular the Chairman and the chief executive, taking into the Company's corporate strategy and the mix of skills, knowledge, experience and diversity needed in the future.

The Nomination Committee currently consists of five members, including three independent non-executive Directors, namely Mr. Chan Yin Tsung, Mr. Chow Chi Hang Tony and Dr. Wei Zhongzhe, one executive Director, namely Mr. Jin Guojun, and one non-executive Director, namely Ms. Gong Lijin. Ms Gong Lijin and Mr. Chow Chi Hang Tony has been appointed as a member of the nomination committee of the Company with effect from 27 June 2025. Mr. Jin Guojun is the chairman of the Nomination Committee.

During the Reporting Period, the Nomination Committee held one meeting and had reviewed the structure, size and composition of the Board, assessed the independence of the independent non-executive Directors, reviewed the Company's Board Diversity Policy and made recommendation to the Board on the re-election of the Directors at the Company's annual general meeting held in 2025.

Board Diversity Policy

The Board has adopted a board diversity policy (the “**Board Diversity Policy**”) which sets out the approach to achieve a sustainable and balanced development of the Company and also to enhance the quality of performance of the Company.

The Nomination Committee reviews annually the structure, size and composition of the Board and, where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy.

In reviewing and assessing the Board composition and the nomination of directors (as applicable), board diversity has to be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, industry and regional experience and length of services.

The Company recognizes and embraces the benefits of diversity in Board members. A board with diversified members includes and capitalizes of different skills, regional and industry experience, background, race, gender and other qualities of directors. These differences will be taken into account in determining the optimum composition of the Board. As at the date of this report, the Board comprised of seven Directors, including five male Directors and two female Directors. Among all Directors, one of them are aged 30 or below, five of them are aged 31 to 50 and one of them are aged 51 or above. The Board is satisfied with the gender diversity in current Board members and will continue to maintain a board with diversified members as its goal when it comes to the appointment of new members or the replacement of members of the Board in the future.

The Company also takes into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board. As at the date of this report, the Board comprises seven Directors with different appropriate skills, knowledge and experience to promote and achieve better performance of the Company. Three of them are independent non-executive Directors, thereby promoting critical review and control of the management process.

In respect of the appointment of substantial business management personnels and other personnels, the Company also takes into account relevant factors and makes efforts to maintain gender diversity. As at 31 December 2025, the male to female ratio in the workforce (including senior management) of the Company was 39 : 61. The Company will continue to work on the goal of maintaining the gender diversity of all employees and review policies relating to the recruitment and management of employees in due course in accordance with the business development and requirement of the Company.

Nomination Policy

A “Nomination Policy” for Directors was formally adopted and incorporated the nomination criteria and principles for Directors that are set out in the Nomination Committee’s terms of reference. The Nomination Policy applies to the Directors of the Company and where applicable, senior management prepared for Board positions under the succession planning of the Company.

The Nomination Policy aims to (i) set out the criteria and process in the nomination and appointment of Directors; (ii) ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company; and (iii) ensure the Board continuity and appropriate leadership at Board level.

In evaluating and selecting any candidate for directorship, the following criteria should be considered:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company’s business and corporate strategy;
- Any measurable objectives adopted for achieving diversity on the Board;
- Requirement for the Board to have independent directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules;
- Any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and
- Such other perspectives that are appropriate to the Company’s business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

Nomination process

Appointment of new directors

- (i) The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents.
- (ii) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

- (iii) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).
- (iv) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.
- (v) For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to shareholders in respect of the proposed election of director at the general meeting.

Re-election of directors at general meeting

- (i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board.
- (ii) The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above.
- (iii) The Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as director at the general meeting, the relevant information of the candidate will be disclosed in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

Audit Committee

The Company established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the CG Code.

The primary duties of the Audit Committee include, without limitation, (a) to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; and (c) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems.

The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Chan Yin Tsung, Mr. Chow Chi Hang Tony and Dr. Wei Zhongzhe. Mr. Chan Yin Tsung is the chairman of the Audit Committee, and possesses the appropriate professional and accounting qualifications.

During the Reporting Period, the Audit Committee held 2 meetings. At the relevant meeting, the Audit Committee met with the external auditor and had reviewed the annual results and annual report of the Group for the year ended 31 December 2024, the interim results announcement and interim report of the Group for the six months ended 30 June 2025, the effectiveness of the Company's financial controls, internal control and risk management systems. The Audit Committee has reviewed the audited consolidated financial statements and results of the Group for the Reporting Period, and discussed and recommended to the Board on the re-appointment of external auditor.

Remuneration Committee

The Company established a Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the CG Code.

The primary duties of the Remuneration Committee, under the principle that no Director should be involved in deciding his own remuneration, include, without limitation, (a) to make recommendations to the Board on the Company's policy and structure for the remuneration of all directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy; (b) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management; (c) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; (d) to assess the performance of executive Directors and approve the terms of executive Directors' service contracts; and (e) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

The Remuneration Committee currently consists of two independent non-executive Directors, namely Mr. Chan Yin Tsung and Dr. Wei Zhongzhe and one executive Director, namely Mr. Jin Guojun. Dr. Wei Zhongzhe is the chairman of the Remuneration Committee.

During the Reporting Period, the Remuneration Committee held 2 meetings and had reviewed the remuneration policy for all directors and senior management and the remuneration of the Directors.

COMPANY SECRETARIES

Mr. Yip Ngai Hang and Mr. Zhao Hui were appointed as the joint company secretaries and authorised representatives on 5 August 2023 and 30 June 2022 respectively. Biographical details of them are set out under "Directors and Senior Management" section in this annual report.

All Directors have access to the advice and services of the joint company secretaries on corporate governance and board practices and matters. Mr. Zhao Hui, an executive Director has been designated as the primary contact person at the Company which would work and communicate with Mr. Yip Ngai Hang on the Company's corporate governance and secretarial and administrative matters.

During the Reporting Period, Mr. Yip Ngai Hang and Mr. Zhao Hui have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

EXTERNAL AUDITOR AND REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities for the Company's financial statements for the Reporting Period is set out in the Independent Auditor's Report on pages 87 to 89 of this annual report.

The fees paid/payable to Ernst & Young, the Company's auditor, in respect of audit services and non-audit services for the Reporting Period are analysed below:

Types of services provided by the external auditor	Fees paid/ payable RMB'000
Audit services — audit fee for the Reporting Period	1,730
Non-audit services — Service fees for unaudited pro forma financial information report in the prospectus	1,100

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Reporting Period. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The statement of the Directors about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on page 87 of this annual report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for maintaining sound and effective internal control and risk management systems in order to safeguard the Group's assets and shareholders' interests, and review and monitor the effectiveness of the Group's internal control and risk management systems on a yearly basis so as to ensure that the internal control and risk management systems in place are adequate. The purpose is to provide reasonable, but not absolute, assurance against material misstatements, errors, losses or fraud, and to manage rather than eliminate risks of failure in achieving the Group's business objectives.

The Group does not have an internal audit function to carry out independent reviews of the adequacy and effectiveness of its risk management and internal control systems, due to the size of the Group and for cost effectiveness consideration.

For the year ended 31 December 2025, the Company engaged a professional firm as an external independent advisor to review the Group's internal control and risk management systems, in order to assist the Company in evaluating and identifying material findings during the review process, further optimizing the current risk management and internal control systems. No significant deficiency was identified during the review and the result from the internal control review report has been reported to the Board and the Audit Committee and areas of improvement have been identified and appropriate measures have been put in place to manage the risks. The Board and the Audit Committee considered the internal control and risk management systems are effective and adequate.

The Audit Committee would continue to assist the Board to oversee the work of such consultancy firm and review the effectiveness of the risk management and internal control systems of the Group.

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

The Group complies with requirements of Securities & Futures Ordinance (“**SFO**”) and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the Safe Harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensuring that information contained in announcements is not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

SHAREHOLDERS’ RIGHTS

Procedures for shareholders to convene an extraordinary general meeting

Pursuant to Article 64 of the Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more shareholders holding, as at the date of deposit of the requisition, in aggregate 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 Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. 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) by the Company.

Procedures for shareholders to put forward proposals at shareholders’ meeting

If a shareholder wishes to put forward proposals at a shareholders’ meeting, the shareholder, who has satisfied the shareholding requirements set out in the above paragraph headed “Procedures for shareholders to convene an extraordinary general meeting”, may follow the same procedures by sending a written requisition to the Board. The shareholder should state his/her proposals in the written requisition and submit the written requisition as early as practicable to enable the Company to make necessary arrangement.

Procedures for directing shareholder's enquiries to the Board

Shareholders may send written enquiries to the Company for putting forward any enquiries or proposals to the Board. Contact details are as follows:

Address: 27th Floor, 157 Johnston Road, Wan Chai
Hong Kong
(For the attention of the Board of Bonny International Holding Limited)

Email address: ppd@bonnychina.com

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto.

INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Groups' business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions. The Company has adopted the Shareholders' Communication Policy to ensure that the shareholders and other stakeholders (including potential investors) can communicate with the Company in a timely, transparent and accurate manner. Annual review of such policy will be performed by the Company to ensure the continuous effectiveness and compliance with existing regulations and other requirements of the policy. Pursuant to the Shareholders' Communication Policy of the Company, the communication approaches between the Company and shareholders and other stakeholders are as follows:

The general meetings of the Company provide a platform for communication between the Board and the shareholders. The Chairman of the Board as well as chairmen of the Nomination Committee, Remuneration Committee and Audit Committee or in their absence, other members of the respective committees, and, where applicable, the chairman of the independent board committee are available to answer questions at shareholders' meeting.

To promote effective communication, the Company maintains a website at www.bonnychina.com where up-to-date information and updates on the Company's business operations and development, financial information and other information are available to public access.

The Company has reviewed the current Shareholders' Communication Policy and considers that such policy is satisfying for its executability and effectiveness.

CONSTITUTIONAL DOCUMENTS

There was no change in the memorandum and articles of association of the Company during the Reporting Period.

The latest memorandum and articles of association of the Company are available on the websites of the Stock Exchange and the Company.

Environmental, Social and Governance (ESG) Report

ABOUT BONNY

Bonny International Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**” or “**we**”) is a manufacturer of seamless and traditional intimate wear products in the PRC. The Group operates business through two segments, namely original design manufacturer (“**ODM**”) products and branded products. In terms of ODM products, we focus on providing one-stop in-house intimate wear manufacturing solutions to the Group’s ODM customers in the PRC and overseas. In respect of the Group’s products, we mainly focus on selling traditional intimate wear products under our “Bonny” and “U+Bonny” brands through our nationwide retail network in the PRC.

We have a huge retail network in the PRC. As of 31 December 2025, the Group had a total of 109 retail outlets, covering 14 provinces, municipalities and autonomous regions in the PRC. Meanwhile, our products are also sold through our current e-commerce network and different well-recognised e-commerce platforms.

In our business operations, we do not only focus on the design, production and sale of high-quality seamless and traditional intimate wears, but also commit to integrating sustainable development strategies into business operations.

ABOUT THIS REPORT

The Group is pleased to publish this Environmental, Social and Governance (“**ESG**”) Report (the “**Report**”) to present the Group’s environmental, social and governance approaches, measures and performance during the Reporting Period. The Report aims to help stakeholders better understand the Group’s commitment to corporate social responsibility, the resources devoted to sustainability-related matters, and the Group’s progress and development direction in relation to sustainability.

Reporting Period and Boundary

Unless otherwise specified, this Report presents the Group’s environmental, social and governance approaches, policies, measures and performance for the period from 1 January 2025 to 31 December 2025 (the “**Reporting Period**”). This Report discloses the Group’s relevant environmental, social and governance policies, measures and performance.

The scope of disclosure for social and environmental key performance indicators is generally consistent with last year and mainly covers the Group’s China office and Beiyuan Production Facility in Zhejiang Province. Where relevant, climate-related disclosures under Part D of Appendix C2 have been prepared with reference to the Group’s broader operations, business model and value chain.

Report Preparation Basis

This Report has been prepared in accordance with the mandatory disclosure requirements and the “comply or explain” provisions of Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. In preparing this Report, the Group has also taken into account the climate-related disclosure requirements set out in Part D of Appendix C2 for the Reporting Period, including relevant disclosures on governance, strategy, risk management, metrics and targets, Scope 1 and Scope 2 greenhouse gas emissions, and the assessment of relevant Scope 3 greenhouse gas emission categories.

Reporting Principles

This Report has been prepared with reference to the reporting principles of materiality, quantitative, consistency and balance under Appendix C2.

In preparing quantitative environmental and climate-related data, the Group has applied consistent measurement and calculation methodologies as far as practicable to enable meaningful year-on-year comparison. Where changes in methodology, reporting boundary, assumptions or comparative treatment materially affect comparability, such changes are explained in the relevant sections and notes of this Report.

For climate-related disclosures, the Group has enhanced its reporting for the Reporting Period to align with the requirements of Appendix C2, including relevant disclosures on Scope 1 and Scope 2 greenhouse gas emissions and the consideration of applicable Scope 3 greenhouse gas emission categories.

The following reporting principles form the basis for the preparation of this Report:

Principle	Definition	The Group's Response
Materiality	The issuer shall report on environmental, social and governance issues that have important impacts on investors and other stakeholders.	The Group identifies and reviews material ESG issues through ongoing communication with key stakeholders, taking into account the Group's business development, operational characteristics, external environment and regulatory expectations. In light of the updated climate-related disclosure requirements under Appendix C2, the Group has also considered climate-related risks and opportunities, greenhouse gas emissions and relevant value-chain considerations when reviewing material ESG topics for the Reporting Period.

Environmental, Social and Governance (ESG) Report

Principle	Definition	The Group's Response
Quantitative	Key performance indicators in respect of historical data need to be measurable. Quantitative information should be accompanied by a narrative, explaining its purpose and impacts, and giving comparative data where appropriate. Issuers should set targets to reduce particular impacts so that the benefits of their environmental, social and governance policies and management systems can be evaluated and verified.	Quantitative environmental, social and climate-related information disclosed in this Report is supported by source data, calculation methodologies and relevant assumptions where applicable. Information on standards, methodologies, assumptions and sources of conversion factors is disclosed in the relevant sections and notes of this Report where material.
Consistency	The environmental and social performance indicators should use consistent disclosure and collection methodologies to enable meaningful comparisons of environmental, social and governance data over time.	Unless otherwise stated, the Group has adopted consistent statistical methods and disclosure approaches for the preparation of this Report. Where there are material changes in methodology, reporting boundary, assumptions or comparative treatment that may affect year-on-year comparability, such changes are explained in the relevant sections and notes of this Report.
Balance	The Report should provide an unbiased picture of its performance, avoiding selections, omissions, or presentation formats that may inappropriately influence a decision or judgement by the report reader.	This Report presents the Group's ESG performance in a balanced manner and seeks to provide an unbiased picture of the Group's environmental, social and climate-related performance, including achievements, challenges and areas for further improvement.

Language and Access of the Report

This Report is prepared in both English and Chinese and is available on the websites of The Stock Exchange of Hong Kong Limited and the Company (www.bonnychina.com). In the event of any conflict or inconsistency between the English and Chinese versions, the English version shall prevail.

Comments and Feedback

The Group values the views of its stakeholders and welcomes feedback on this Report and the Group's environmental, social and governance performance. Stakeholder feedback helps the Group continuously improve its sustainability management and related disclosures. If you have any questions or suggestions regarding this Report, please contact the Group through the following channels:

Address: 27th Floor, 157 Johnston Road, Wan Chai, Hong Kong
(For the attention of the Board of Bonny International Holding Limited)
Phone: 3150 6788
Email: ppd@bonnychina.com

CORPORATE GOVERNANCE AND RISK MANAGEMENT

Corporate Governance

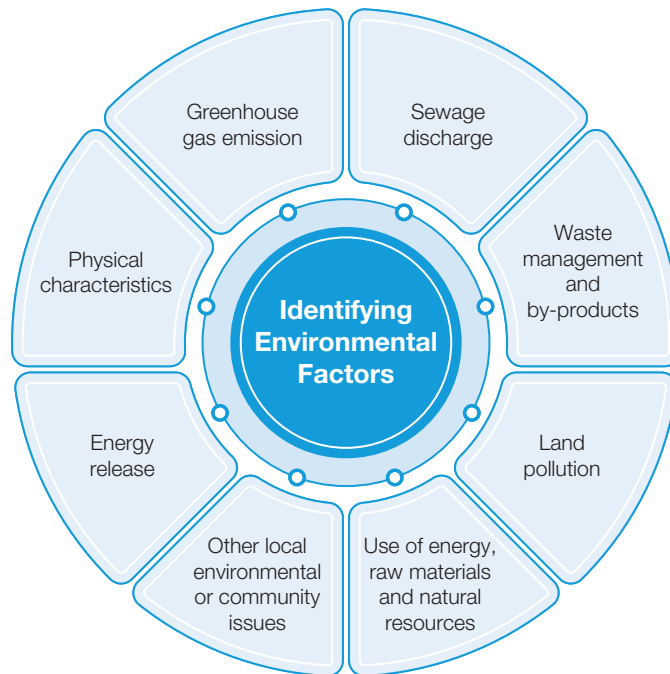
Corporate governance is the foundation of sustainable development. Hence, the Group strictly adheres to business ethics and integrity principles to ensure fair and transparent operations. The Group reviews its business operation regularly and holds meetings to assess whether the items that need to be followed up are appropriate and revise the relevant operating policies. Marketing, production, quality control, administration, procurement and other departments will continuously identify the environmental and social risks associated with the planning, implementation and process control of their products, services, and operations. In order to identify and assess human resources, supply chain and production risks, the Company has established a series of written systems, such as environmental protection requirements and reputation assessment on suppliers, production material supervision, contract review, production base operation assessment, product quality, human resources supervision and environmental factor identification and evaluation.

Through various channels, such as sharing sessions, off-duty seminars and on-duty training, we promote better understanding of our business among the management. The departments report to the management on the new technologies employees have learned about in recent projects. In addition, we help new directors to become more familiar with the Group's business and their responsibilities under the Listing Rules and relevant laws through our directors' orientation and preliminary meetings. The directors will be briefed regularly on the latest development regarding the Listing Rules and other applicable statutory requirements to ensure the upkeep of good corporate governance practices of the Group.

For details of corporate governance, please refer to the "Corporate Governance Report" section of this annual report.

Risk Management

The Group recognises the importance of identifying and managing risks in its business operations. Therefore, we have established the “Quality and Environmental Management Handbook”, which sets out strict management measures to assess, manage and mitigate the identified environmental risks. In order to evaluate all the factors that may affect the environment in the Company’s product manufacturing and service provision processes, we have established the “List of Material Environmental Factors” in accordance with the “Environmental Factor Identification and Evaluation Management Measures”. We will consider the following eight aspects to identify environmental factors:



The Group continuously monitors, analyzes and assesses the scope and extent of environmental impact, frequency, level of social concern, regulatory compliance, resource consumption and the possible extent of conservation of such risks, adopts measures to avoid, bear and eliminate the source of risks, and to reduce, partake and alleviate risks in order to mitigate the impact of risks on the Group and the environment.

APPROACH TO SUSTAINABILITY DEVELOPMENT

The Group's progress towards sustainability is dependent on our effective governance structure. The board of directors of the Company (the "Board"), as the highest governance structure, is responsible for establishing and maintaining the governance practices of the Group, including matters related to sustainable development. The Board's responsibilities in relation to sustainability include:

- review and identify risks and sustainability issues that may have a significant impact on the business;
- continuously manage and monitor the policies, measures and effectiveness related to sustainable development for the reviewed environmental, social and governance issues and take these issues into account when formulating the Group's business strategies; and
- set targets for relevant sustainability matters where appropriate and review the progress of such targets in a timely manner.

We will continue to optimize and enhance the Group's environmental, social and governance mechanisms and implement the concept of sustainable development at different levels. In addition, we have appointed Endeavour Global Enterprise Consultancy Services Company Limited as an independent sustainability consultant to provide environmental, social and governance advisory services.

The Group has always adhered to the management approach of "Providing high-quality products, Fulfilling customer satisfaction, Optimizing human resources, Streamlining work procedures, and Implementing clean production, Maintaining environmental hygiene, Complying with laws and regulations, and Achieving sustainable development". In light of the requirements under ISO9001:2015 Quality Management System Certification and, ISO14001:2015 Environmental Management System Certification and the Company's business conditions, we have formulated the "Quality and Environmental Management Handbook", requiring departments and production bases to strictly comply with the provisions in the manual to ensure that the Company's sustainable development can meet the standards of the management system.

The Chinese government has implemented a series of schemes to promote green consumption, including green food, green clothing, green living, green transportation, green goods and green tourism and other related goals and development strategies. While designing and producing seamless and traditional intimate wears, we have an in-depth study on the feasibility of sustainable development in equipment and technology. For promoting green clothing consumption, we are currently studying the application of green fiber, energy-saving printing and dyeing, waste fiber recycling and other technologies to increase the proportion of clothing production that fulfils the green and low-carbon requirements so as to promote green consumption and a low-carbon transition.

Besides the environmental sustainability of our business, we also attach importance to social sustainability. We set out the social responsibilities and obligations in the "Policy of Social Responsibilities Management" that the Group should fulfill in the process of business development, including safe production, protection of employees' rights and benefits, talent training and development.

Environmental, Social and Governance (ESG) Report

Through the Report, we hope to explain the Group's commitment to protecting the environment, caring for the rights and benefits of employees, giving back to the community, and further to find more opportunities to enhance our performance, fulfill corporate responsibility and provide quality services to our customers in a professional manner so as to promote sustainable development.

Climate-related governance, risk management and related disclosures for the Reporting Period are further set out in section 21 "Combatting Climate Change".

STAKEHOLDER ENGAGEMENT AND COMMUNICATION CHANNELS

The valuable feedback from our stakeholders has enabled the Group to identify areas for improvement in terms of sustainability, allowing us to continuously optimize our development approach. Therefore, we are committed to maintaining good communication with stakeholders. The Group's management has identified the major stakeholders that affect or are affected by the Group's operations. We have established the following formal and informal communication channels to ensure that stakeholders are kept informed of the Group's operations in a timely manner:

Stakeholder	Demands and Expectations for the Group	Communication channel
 Customers	• Product and service quality • After-sales service • Customer information security • Business ethics	• Direct communication • Business meetings • Group website • Email/telephone
 Employees	• Employee rights and welfare • Occupational health and safety • Equal opportunities • Training and development • Prospects of the Group	• Appraisals • On-the-job mentorship • Internal meetings • Group website • Trainings • Human resources manual • Employee activities • Exit interview
 Investors and Shareholders	• Business strategies and sustainability of the Group • Financial performance • Investment return • Corporate governance	• General meetings • Meetings, phone and written enquiries • Direct communication • Group website • Regular corporate publications (such as annual reports, financial reports, circulars and announcements)

Stakeholder	Demands and Expectations for the Group	Communication channel
 Suppliers and Business Partners	• Fair competition • Building a win-win cooperating relationship • Fulfilment of contract commitment • Payment schedule	• Direct communication • Business meetings • Group website • Email/telephone
 Government and Other Regulatory Authorities	• Compliance with law and regulations • Proper treatment of inside information • Promptly and effectively handle Enquiries	• Correspondence • Email/telephone • Regular corporate publications (such as annual reports, financial reports, circulars and announcements)
 Local Community	• Participation in community and charity activities • Legality and compliance of business • Contribute to environmental protection • Fair employment opportunities	• Group website • Public media • Community activities • Donations

Understanding the demands and expectations of stakeholders can promote our sustainable development. We actively listen to and respond to the demands and suggestions of stakeholders to help the Group understand the impact of its business on the environment and society, as well as the concerns of stakeholders, which serve as considerations in our planning for future business development. We make good use of the information collected and determine the basic framework of the Report after analysis.

MATERIALITY ANALYSIS

To identify material ESG issues for the Group, we have conducted a materiality assessment during the Reporting Period to effectively manage the Group's environmental, social and governance performance. The Board reviewed and evaluated the identified issues taking into account the opinions of various stakeholders and business operations. The materiality assessment process is as follows:



Material Issue Identification

- The Group identified material ESG issues for the Group, taking into account its own operating conditions and with reference to international standards and the views of stakeholders.



Review and Examination

- Combining the expectations of major stakeholders and influence of ESG issues on the Group, the Board reviewed and re-evaluated the material issues.



Confirmation of Material Topics

- The Group confirmed its material issues during the Reporting Period and assessed their significance.

To comprehensively reflect the environmental, social and governance risks and opportunities faced by the Group, we have integrated environmental, social and governance issues. The environmental, social and governance issues involved include:

Environmental Protection

- | | |
|--|--|
| 1. Waste management | 4. Effective use of resources |
| 2. Combatting climate change | 5. Environmental impact of business activities |
| 3. Management of air pollutants and greenhouse gas (GHG) emissions | |

Operating Practices

- | | |
|---|---|
| 6. Supply chain management (including environmental and social risk management) | 9. Anti-corruption and whistle-blowing system |
| 7. Green procurement (e.g. using environmentally friendly raw materials) | |
| 8. Crisis or emergency management | |

Product and Service Responsibility

- | | |
|--|----------------------------------|
| 10. Product and service quality | 13. Customer information privacy |
| 11. Customer satisfaction and complaint handling | 14. Advertisement and marketing |
| 12. Intellectual property protection | |

Human Rights and Employees

- | | |
|--|--|
| 15. Employment relationship, employee welfare and benefits | 18. Training and development |
| 16. Occupational health and safety | 19. Equal opportunity, diversity and anti-discrimination |
| 17. Preventing child and forced labour | |

Contribution to Community

- | | |
|---|--------------------------|
| 20. Participation in welfare activities | 21. Charitable donations |
|---|--------------------------|

Environmental, Social and Governance (ESG) Report

Among the above material issues, those of higher importance to the Group are as follows:

Issue	Disclosure Section
Waste management	Emissions Management
Combatting climate change and climate-related disclosures	Combatting Climate Change
Supply chain management (including environmental and social risk management)	Sustainable Supply Chain Management
Product and service quality	Optimizing Products and Services
Customer satisfaction and complaint handling	Customer Rights and Interests
Employment relationship, employee welfare and benefits	Employment Management
Occupational health and safety	Occupational Health and Safety
Preventing child and forced labour	Labour Standards

INTEGRITY AND COMPLIANCE

Integrity is the key element in business operations. The Group has no tolerance towards any behaviors that do not conform to business ethics, such as corruption, bribery, extortion, fraud and money laundering. We value the integrity of our employees and expect them to maintain a high level of professional ethics. The Group strictly complies with the laws and regulations related to anti-corruption and integrity, including but not limited to the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》) and other relevant laws and regulations.

During the Reporting Period, the Group was not aware of any corruption litigation cases against the Company or employees, nor was it aware of any material non-compliance with the laws and regulations relating to anti-corruption, bribery, extortion, fraud and money laundering that would have a significant impact on the Group.

Whistle-blowing Channels

In order to prevent any misconduct and to prevent damage to the interests of shareholders, investors, customers and the public, we have formulated the "Manual on Code of Conduct" to stipulate the code of conduct and strictly regulate the conduct of our employees and remind them of the importance of compliance with the law and discipline and developed the "Procedures for Staff Complaints, Recommendation and Whistleblowing" and "Policy of Internal Reporting and Anti-corruption Management". These regimes contain provisions on conflicts of interest, privacy and confidentiality of information, due diligence, bribery and anti-corruption. The Internal Audit Department is responsible for establishing mechanisms and updating the system's content when necessary.

We strictly implement the policy and establish reporting channels. Employees can report to the relevant departments by telephone, letter, email and face-to-face reporting. After receiving the complaint, the Internal Audit Department of the Company will analyze and evaluate the complaint or report within 48 hours. The informant's identity will be kept confidential.

Anti-corruption Training

The Group is committed to enhancing the anti-corruption awareness of directors and staff and therefore regularly provides training on anti-corruption, bribery and fraud policy to the Board and staff to improve their understanding of anti-corruption legislation and enhance their vigilance in facing potential corruption incidents in their daily work and operations, so as to ensure operation compliance and prevent corrupt practices. During the Reporting Period, all directors and senior management have completed anti-corruption training.

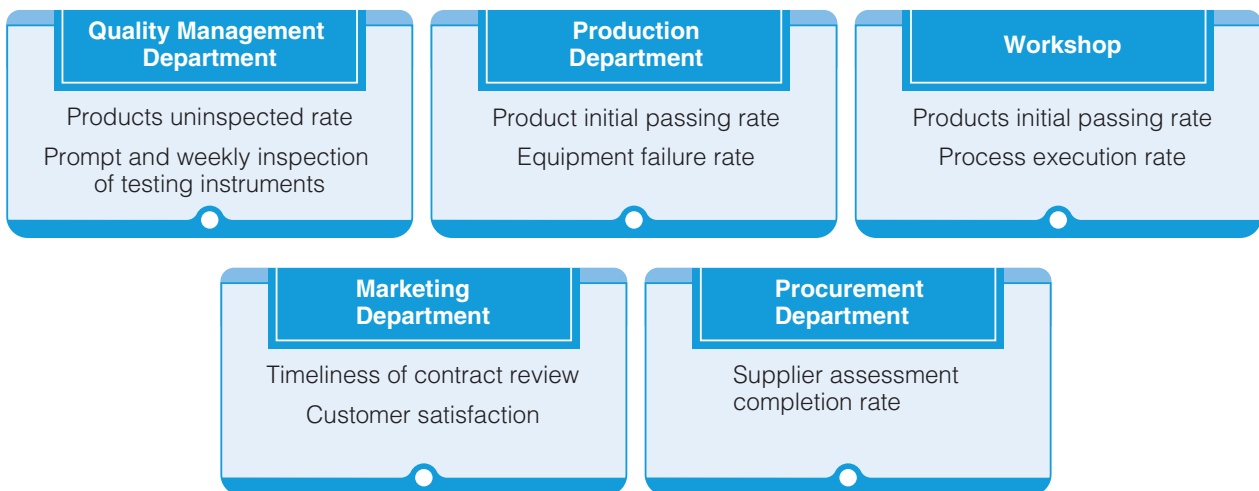
OPTIMIZING PRODUCTS AND SERVICES

The Group attaches importance to the quality and innovation of products and is therefore committed to developing and optimizing the product features and designs, continuously improving the product quality, and providing a diverse product portfolio to fulfil the needs of customers. At the same time, we also actively listen to the opinions of our customers, absorb their feedback and make targeted improvements to enhance our service quality.

During the Reporting Period, the Group had 0.0002% of sold or shipped products that had to be recalled for safety and health reasons, and has received 15 complaints in relation to products and services, which involve no significant issue relating to product quality and have been properly handled by us according to strict regulations.

Product Quality Management System

The Group is committed to protecting the rights and interests of customers, and has been operating its business with safety, quality and responsibility and continues to provide quality products. We have formulated the “Production Policy (Seamless Knitting)”, “Premium production Policy” and “Defective Products Recall System” to manage product quality, so as to give confidence to our customers in our products. In addition, we fulfill our commitment to our customers by requiring all departments to strictly adhere to the quality objectives set out in the “Quality and Environmental Management Handbook” and to fulfill their responsibilities. We set corresponding assessment criteria for different departments, including:



Product Quality Assurance

In terms of product quality, we do not only set strict standards for our own production process, but also have the same quality control requirements for suppliers or partners. In the production process, the Group strictly complies with relevant international standards and regulations, which mainly include the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》), ISO9001:2015 Quality Management System Certification and Oeko-TexR Standard 100 Certification (Product Class II) to ensure product safety.

The Group have formulated “Production Control System (Seamless Processing)” and “Quality Production Control System for Fine Products” in accordance with relevant laws and regulations and standards to stipulate quality management procedures, including production processes, relevant personnel responsibilities and inspection requirements. Our bras and seamless products are required to pass through a series of inspection procedures, from the inspection of raw materials before production to the review of critical processes in the production process. All unpackaged products are inspected, and the unqualified items are sent directly to the defective and surplus goods warehouse for further follow-up by the Quality Control Department. The products that pass the finished product inspection will be packaged, and the packaged products will be thoroughly inspected or sampled according to the customer's requirements. The packaged products will be sampled for testing again to ensure that all the products delivered to customers meet the quality requirements.

The Group has formulated “Defective Products Recall System” to manage products safety. When the following risks are found in the products, the Group will immediately activate the product recall procedure:

- Safety risk;
- Harmful risk to physical health or life;
- Failure to pass the inspection; and
- Using third party registered trademark.

The Regulatory Management Department will immediately suspend the selling of such products, inform consumers to stop using and conduct product return process as soon as possible and contact the relevant management department to follow up. The recalled products will be discarded or processed to eliminate harmful features. At the same time, we will report to the industry and commerce administration management departments and relevant regulatory authorities.

During the Reporting Period, the Group did not receive any fines, product recall orders or other penalties from any regulatory authority for product quality problems. The Group was not aware of any material non-compliance with laws and regulations in relation to the quality of products that have a material impact on the Group.

Excellent Service Quality

In order to maintain the quality of service, the Group regularly conduct comprehensive and ongoing internal trainings and assessments for sales staff in self-operated retail stores, including on-board trainings for new employees, on-site training sessions at the sales counter and post-probation assessments. At the same time, we believe that different types of training can continuously improve employees' service attitude, emergency skills, and product knowledge. All employees also need to attend monthly training and receive product knowledge assessment to ensure that employees are familiar with the Company's products and operations, as well as keep abreast of the product changes to cope with market trends.

During the Reporting Period, the Group was not aware of any non-compliance with laws and regulations in relation to the quality of service that would have a significant impact on the Group.

CUSTOMER RIGHTS AND INTERESTS

Customer Complaint Management

We are open-minded and strive to build close, reliable, and long-term relationships with our customers. The Group attaches great importance to customer satisfaction and complaints. We believe that accepting customers' opinions and understanding their expectations will enable us to make continuous progress. We have established feedback channels and service hotlines to respond to customers' inquiries on franchisee, product quality, order status and product return. When the Group receives a complaint from a customer, we will correct it as soon as possible in accordance with the prescribed procedures, and respond to and follow up on the complaints of the relevant customers in a timely manner. If we fail to meet our clients' expectations, we will evaluate existing processing procedures and provide necessary trainings to prevent similar situations.

Ensuring Customer Health and Safety

The Group has retained our customer base with a good shopping experience. The Group strictly complies with the Law of the People's Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》), and formulates management methods according to relevant laws and regulations. In order to provide a safe shopping environment, we operate our retail stores in accordance with the mall's safety requirements of fire and security and sign a safety responsibility letter with the mall property management company that the staff of the store are committed to ensuring the safety of customers. We also offer safety training programs to employees at the same time. In the event of suspected theft, the Group's staff are expected to assist the affected client professionally, including calling the police for help or contacting the relevant authorities to assist in the investigation.

During the Reporting Period, the Group did not receive any material complaints from customers or was not aware of any non-compliance with laws and regulations on the Group's retail outlets in relation to health or safety issues.

Protecting Customer Privacy

We follow the most stringent ethics standard and the local relevant laws and regulators, such as the Law of the People's Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》), so that customers can rest assured when using our products. The Group has formulated policies requiring employees to handle customer data carefully to protect the personal data of the customers. Designated access to customer data is restricted to authorized employees. Employees also signed a confidentiality agreement at the time of employment and are not allowed to disclose any data to third parties without authorization.

During the Reporting Period, the Group did not receive any significant complaint in relation to customer privacy or loss of customer information.

INTELLECTUAL PROPERTY RIGHTS PROTECTION

Intellectual property is a valuable asset of the Group and therefore we attach great importance to intellectual property protection. We have developed different management policies, including the "Patent Management Policy", "Software Copyright Management Policy" and "Trademark Management Policy", to defend and supervise the intellectual property rights of patents, trademarks and software.

Patent Protection Policy	Trademark and Software Policy
The Human Resources Department will provide vocational training on intellectual property protection to departments (such as the Technology Research and Development Department and the Marketing Department) and new employees who are exposed to patented technology.	- Establish a trademark list; - Establish a file to record the software copyright; and - The staff of the general manager office shall timely handle the renewal of trademarks and read the required data at any time.

The general manager office (the "GMO") protects the effort on technological development of the Company's team by applying, registering, renewing, modifying, transferring and licensing intellectual property rights. In case of infringement, we will inform the senior management promptly to arrange for investigation and search for evidence. Serious infringement will be reported to the relevant local authority or filed with the People's Court. We also provide reporting channels, encourage employees to proactively report any infringement and will even honour the act of whistle-blowing in internal corporate publications or conferences and offer a small amount of material rewards.

During the Reporting Period, the Group was not aware of any legal cases that seriously infringed on the intellectual property rights of others that would have a significant impact on the Group.

ADVERTISING AND LABELLING

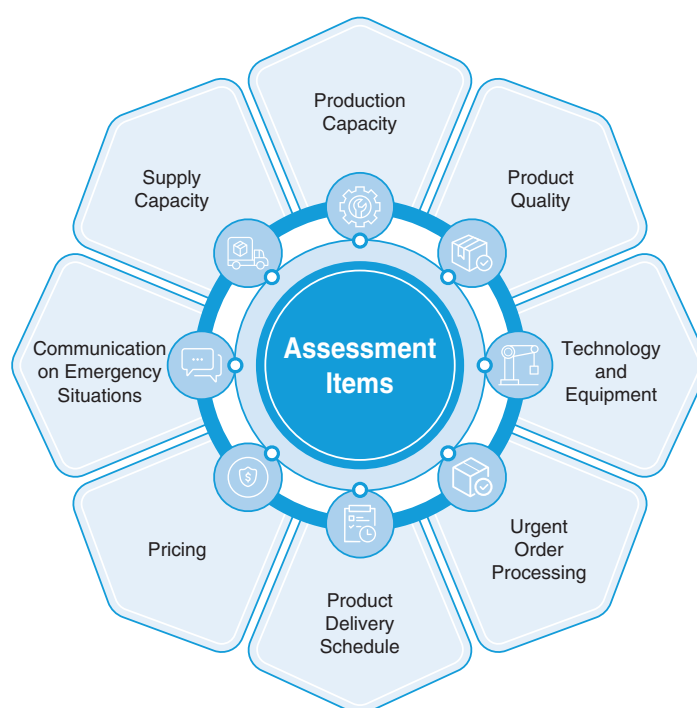
The Group's brand awareness and turnover can be improved by effective advertising. The Group releases our latest products and information through different promotional channels. We promote our products in accordance with the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》). We ensure that the products we sell have complete and detailed information for our customers to review in terms of product labelling.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations in relation to marketing communications, including advertising, promotion and sponsorship or product labeling that would have a significant impact on the Group.

SUSTAINABLE SUPPLY CHAIN MANAGEMENT

Supply chain is also an important part of the Group's operations and we are therefore committed to establishing a sound supply chain management system for sustainable development. The Group expects our business partners to follow our established system as guidance to abide by our business ethics and work seamlessly to provide quality products.

During the Reporting Period, the Group cooperated with 172 suppliers, among which 171 came from Mainland China and 1 came from Hong Kong. The Group conducts annual assessments of business partners in accordance with the "Procurement Management Policy", "Material Procurement Management Policy" and "Selection and Supervision of Dealers and Franchisee", including but not limited to the following assessment items:



We will immediately terminate the relationship with the business partner whose products fail to meet our standards to ensure the quality of our products.

Supply chain management has received a lot of attention in recent years, with enterprises being required to select suppliers with better environmental and social compliance performance. Therefore, the Group actively considers integrating environmental protection into the supply chain while developing its business. We will prioritize suppliers that comply with the local government's environmental policy to ensure that their production lines and offices are in line with the Group's green procurement philosophy. In addition, we expect our suppliers to provide environmentally friendly packaging materials, and select materials and products that have less environmental impact when possible, such as reducing the use of environmentally harmful materials, such as plastics, so that our supply chain can better align with the requirements of sustainable development. In addition, during the renovation of stores, we require the suppliers responsible for template making and painting to optimize their store renovation processes, so as to reduce the production of harmful construction waste. We will continuously monitor and promote our suppliers' social and environmental compliance performance to ensure that our supply chain is effectively and sustainably developed.

SUPPLIER EVALUATION

The Group have implemented a comprehensive management system to strengthen the management of suppliers. The "Procurement Policies & Procedures" specifies the requirements for managing suppliers in the areas of development, access, evaluation, assessment and exit. As a leading seamless intimate wear product manufacturer, we place great emphasis on the quality of the raw materials of our products. The Procurement Department will evaluate new suppliers by sending quality control personnel to monitor the production process and assess factors such as the quality of raw materials supplied to us. The quality control personnel will assess the supplier's raw material quality and delivery time. If the Procurement Department identifies any quality issues, we will follow up with the suppliers immediately. During the Reporting Period, we have evaluated 17 major suppliers.



Existing Supplier Evaluation Procedure

- Set up a review team consisting of the Procurement Department, Financial Department, related departments and Quality Control Department
- The review team will evaluate and review the qualification, operating conditions, credit ratings, service quality, purchase price and product usage, and problems of the suppliers
- Management will make a final decision on the team's assessment results
- If a supplier fails to meet the Group's standards, the Procurement Department will remove it from the "Qualified Suppliers List"
- Any supplier who has a material impact on the Group will be blacklisted



New Supplier Review Procedure

- The Procurement Department forms an evaluation team, comprising representatives from the Quality Control Department, Production Department and Technology Department
- The evaluation team evaluates existing suppliers by using the indicators listed in supplier assessment policy and prepares the "Evaluation Report on Basic Information of Supplier"
- Conduct on-site inspection on such suppliers and prepare the "Inspection Report on Supplier"
- Suppliers that meet the requirements need to submit samples to the Quality Control Department for further testing

The Procurement Department will also conduct ad-hoc examination regarding the delivery of suppliers and record the results in the “Quarterly Supplier Assessment Form”, which will be considered as one of the reference for annual assessment. The rating, order size and payment policy of the suppliers will be determined on the basis of the assessment. During the Reporting Period, the Group did not have any material claims against the suppliers due to the defective quality of raw materials.

In addition, we inspect semi-finished products and finished products from subcontractors before acceptance to ensure that the products comply with the specifications stipulated in the supply agreement. We also arrange representatives to conduct regular on-site examinations of subcontractors and inspect the production process including but not limited to sampling products of subcontractors for tests. If the quality of the supplied products does not conform with our standards, the Group will demand replacement or refund from subcontractors.

Franchisee Management

The Group selects the most suitable franchisees for the corporate image of Bonny according to the “Selection and Supervision of Distributors and Franchisees” and “Selection and Evaluation System”. We consider various factors, including franchisee’s recognition of the brand vision of Bonny, reputation, image, financial status, operation management, store location and conflict of interest, and franchisee’s participation in joint events with the Group. During the Reporting Period, the Group cooperated with 9 franchisees.

Branches or offices of the Group will regularly monitor and inspect franchisees in respect of their financial condition, products sales and daily operation to ensure their service quality align with our expectations. The Group also offers training programs on daily operation, including selling skills, product knowledge, service awareness, store operation and safety measures to the staff of franchisees. We conduct regular inspection and guidance to franchisee to ensure that their brand images are consistent with the Group.

EMPLOYMENT MANAGEMENT

The Group’s development relies on the effort and dedication of employees and therefore talent management is an important part of our operations. We are committed to providing a multicultural working environment and competitive remuneration and benefits to attract talents to join the Group. At the same time, we care about the well-being of our employees and pay attention to good communication with them so as to establish a relationship of mutual trust.

During the Reporting Period, the Group was not aware of any material non-compliance with the relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare that would have a significant impact on the Group.

Environmental, Social and Governance (ESG) Report

As at 31 December 2025, the Group employed a total of 565 full-time employees, all of whom were from Mainland China. The following table sets out the number of employees by gender and age group:

Employee Distribution	Unit	2025
By gender		
Male	Person	275
Female	Person	434
By age group		
30 or below	Person	100
31-50	Person	403
51 or above	Person	206

The following are the employee turnover rates by gender, age group and geographical location during the Reporting Period:

Employee Turnover Rate	Unit	2025
By gender		
Male	Percentage	40
Female	Percentage	38
By age group		
30 or below	Percentage	65
31-50	Percentage	34
51 or above	Percentage	28
By geographical location		
Mainland China	Percentage	39
Total turnover rate	Percentage	39

Labour Standards

The Group strictly complies with relevant laws and regulations, including but not limited to the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and Provisions on the Prohibition of Using Child Labour (《禁止使用童工規定》) and has zero tolerance to the use of child or forced labour.

During the recruitment process, the Human Resources Department will verify the identity documents of the candidate to ensure that they meet the local legal working age, and those who do not meet the requirements will not be hired. In order to avoid the occurrence of forced labour, employees are required to fill in the "Overtime Application Form" before working overtime. Application for overtime work by employees must be approved by the head of the relevant department before overtime working and payment of the allowance.

If we are aware of any use of child or forced labour, we will immediately suspend the work of the relevant employee and investigate immediately. We will then review and change the recruitment process to prevent similar cases from happening again.

During the Reporting Period, the Group was not aware of any material non-compliance with the relevant laws and regulations in relation to child labour and forced labour that would have a significant impact on the Group.

Employment and Remuneration Policy

The Group attaches great importance to attracting and retaining talents and therefore offers competitive benefits package to its staff to ensure excellent human resources and a steady increase in business performance of the Company in the market. The Group strictly abides by local employment related laws and regulations, including but not limited to the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) and Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》).

To guarantee the rights and interests of employees, our "Staff Handbook" sets out policies relating to labour laws, regulations and industry practices, as well as salary, dismissal, promotion, working hours, recruitment, holidays, diversity and other benefits and remuneration packages. The Corporate Management Center will amend and update the "Staff Handbook" according to the operation and development of the Company annually. We contribute to social security insurance covering pension insurance, medical insurance, unemployment insurance, occupational injury insurance, maternity insurance (if applicable) and housing fund for employees according to the local laws and regulations. In addition, we also provide benefits, including accommodation, catering, attendance bonus and traveling allowance.

Recruitment and Promotion

In terms of recruitment and promotion, the Group always adheres to the principle of fairness and impartiality and determine the recruitment criteria according to the job content of the position, and all decisions are based on the performance and skills of the candidates and employees. We are committed to providing equal opportunities for employees and will not discriminate based on age, gender, physical health, marital status, family status, race, skin colour, nationality, religion, political stance, and other factors.

Our “Staff Recruitment Management Policy” sets out the Group’s recruitment process and management procedures. The current main channels of the Group’s recruitment are participating in talent exchange meetings, internal employee recommendation, online recruitment, publishing recruitment advertisements, headhunting and campus recruitment. The Human Resources Department will determine the qualifications and ability requirements of the recruitment position according to the job description and the workforce requirement proposal. After screening, the qualified candidate will be invited to conduct a face-to-face interview, and may be hired after a second round of interviews by the head of the department and management according to the requirements of the responsibilities of the position.

Employees’ promotion opportunities are based on their work performance and skills. We give every employee an equal opportunity to demonstrate their expertise and talents. The Group has formulated the “Management System of Performance Appraisal of Employees” as a guideline for management in their performance appraisals. Performance appraisal items include but not limited to:

- the completion of the Company’s business objectives;
- the completion of the employee’s personal objectives;
- professional knowledge;
- innovation ability;
- work performance; and
- work attitude.

The Group conducts a performance appraisal with employees every year to obtain a comprehensive performance evaluation. The Human Resources Department will use the appraisal results as the basis for promotion, salary raise, reward, transfer, education and training.

OCCUPATIONAL HEALTH AND SAFETY

The health and safety of employees is the primary concern of the Group. We strictly abide by the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) and other applicable laws and regulations, and formulate relevant production operation procedures and safety standards accordingly. We take the necessary safety measures to protect our employees and avoid any occupational hazards.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations in relation to providing a safe working environment and protecting employees from occupational hazards that would have a significant impact on the Group.

Occupational Health and Safety System

The Group is committed to safeguarding the health and safety of employees. We therefore continue to improve our own occupational health and safety system and have set up an Environment, Health and Safety ("EHS") Group. The EHS specialists will hold regular meetings to analyze all the actual and potential environmental, health and safety risks of different departments and types of work, followed by developing effective improvement programs and preventive measures to mitigate identified crises. The work-related fatalities rate of the Group remained at zero, and no work-related fatalities were reported in the past three years (including the Reporting Period). During the Reporting Period, 2 lost days due to work injury of the Group were reported.

To effectively prevent, control and eliminate the impacts of emergency situations, the Group has developed the "Emergency Response Plan", which covers various situations, such as sudden fire and explosion, electric shock, mechanical accident, pipeline accident, flood control, environmental pollution accident and chemical leakage. We also regularly cooperate with the fire department to hold various rescues, firefighting and evacuation drills. Before operating machinery, we will arrange safety training for employees as appropriate to remind them about the importance of occupational safety and provide safety equipment, such as gloves, to minimize the risk of injury at work.

EXCELLENT TALENT TRAINING

The professional skills of our employees have a significant impact on the quality of the Group's products and services, and therefore the nurturing of outstanding and diverse talents is the foundation of our sustainable development. We are committed to providing comprehensive staff training and have formulated the "Staff Training Management Policy". We also encourage staff to rotate their jobs to increase networking opportunities and to learn new skills.

We provide comprehensive and quality training to our frontline staff to ensure consistent service quality and maintain our brand image. We provide in-house training on product knowledge, sales skills, customer service, store operations and safety measures to store staff so that employees can get familiar with the retail operation model as soon as possible.

The Group also provides study leaves and course fee allowances to employees to encourage self development and continuous learning. Employees can increase their knowledge, realize their potential, improve their technical skills, and also help to improve the efficiency of business operations through a series of training.

The following table sets out the details of the training received by employees of the Group during the Reporting Period:

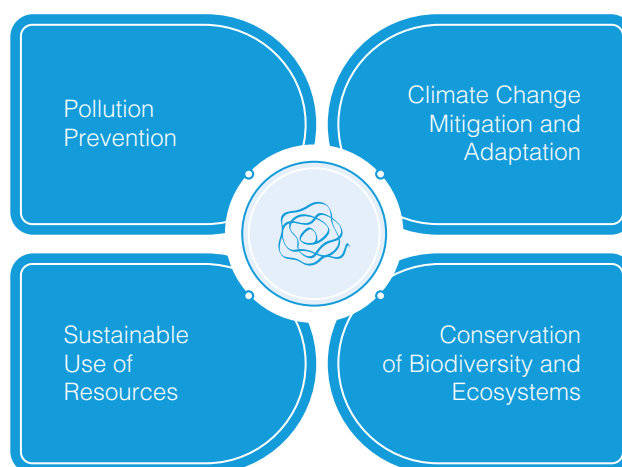
	Unit	2025
Percentage of total employees trained	Percentage	76
<i>Percentage of employees trained</i>		
By gender		
Male	Percentage	95
Female	Percentage	62
By employee category		
General and technical staff	Percentage	75
Middle Management	Percentage	93
Senior Management	Percentage	71
<i>Average training hours of employees</i>		
By gender		
Male	Hour	14
Female	Hour	9
By employee category		
General and technical staff	Hour	11
Middle Management	Hour	13
Senior Management	Hour	10

ENVIRONMENTAL MANAGEMENT SYSTEM

The Group focuses on minimizing our impact on the environment while conducting our operations. We are therefore committed to improving our EHS system and standardizing all environmental and occupational health and safety management activities. We strictly abide by relevant laws and regulations, including but not limited to:

- Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》);
- Law of the People's Republic of China on Environmental Impact Assessment (《中華人民共和國環境影響評價法》);
- Integrated Emission Standard of Air Pollutants (《大氣污染綜合排放標準》) (GB16297-1996); and
- Ambient Air Quality Standards (《環境空氣質量標準》) (GB3095-2012).

We are committed to the corporate responsibility of protecting the environment. Based on the "Quality and Environmental Management Handbook", we established comprehensive environmental management guidelines to reduce the impact on the environment caused by business operations to realize the commitment to environmental protection. According to the "Quality and Environmental Management Handbook", we focus on the following areas in our business:



The Group's management continuously monitor the relevant laws and regulations promulgated by national and regional governments and relevant regulatory authorities and improve the Group's "Quality and Environmental Management Handbook" to ensure compliance with the relevant laws and regulations. At the same time, the management team will follow the risk management, continuously monitor the potential environmental risks in our business, and liaise with various departments to ensure that the relevant personnel understand the environmental objectives of the Group. Since January 2019, we have set different types of environmental targets for each department, including but not limited to domestic waste disposal rate and workshop solid waste collection rate. We hold review meetings from time to time and conduct daily work assessment to check whether the goals have been achieved.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations in relation to air emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes that would have a significant impact on the Group.

EMISSIONS MANAGEMENT

The Group's business involves the production of seamless intimate wears, which inevitably generates air pollution, wastewater and solid waste discharge. In order to ensure compliance with relevant laws and regulations and minimize our adverse impact on the environment, the Group has proactively taken different measures and is committed to reviewing existing measures to reduce waste generation. In order to ensure that our production operations comply with national standards, we have obtained ISO14001:2015 Environmental Management System Certification and regularly appointed specialists to conduct tests on our operating procedures, covering air and noise pollution, wastewater and waste discharge.

Non-hazardous Waste Management

The Group has been committed to reducing the generation of waste. The Group's business mainly generates non-hazardous wastes, such as office papers, construction and demolition wastes, plastic packaging materials and general industrial wastes.

Non-hazardous Waste	Unit	2025	2024
Total non-hazardous wastes	Tonnes	120.27	137.49
Intensity	Tonnes/million revenue (RMB)	0.45	0.52

The Group has implemented various waste reduction measures to minimize the impact of waste on the ecology and environment, including:

- placing sorting bins and recycling bins in our offices and production facilities, encouraging staff to sort paper, metal and plastic waste, and arranging specialists to be responsible for recycling items; and
- promoting "Paperless" by making good use of emails and e-notices to send waste reduction slogans and promotional content to employees to reduce the paper used for printing.

In terms of construction waste and plastic packaging materials produced during shop renovations, we strictly comply with the relevant local environmental protection policies and engage trusted third-party waste recyclers to be responsible for handling such wastes. We encourage stores to reuse existing materials to avoid using large amounts of construction materials.

Hazardous Waste Management

During the Reporting Period, dyeing in the production process was outsourced to an external dyeing factory. Since the waste produced during the dyeing process were managed and disposed by external dyeing factory, the relevant data becomes unobtainable. We will continue to communicate with the external dyeing factory, and plan to enhance the data collection process actively. During the Reporting Period, we did not generate any liquid waste. We produce hazardous waste such as used lead-acid batteries and waste dye packaging bags in the production process. We formulate specific guidelines for waste management by the waste sorting standards of the operating places and guide employees to dispose of all kinds of waste properly. We will follow the relevant local environmental policies and assign hazardous solid waste to a trusted third-party waste recycler for centralized treatment.

To avoid water pollution, we have strict prevention and control measures for sewages, regulated by the national environmental protection standards and water pollutant discharge indicators to manage wastewater discharge. The daily wastewater discharge is strictly monitored and will not exceed the upper limit set by the State. Some of the treated and target-meeting wastewater can be recycled back into the production process for reuse. If there are other hazardous liquid wastes, they will be entrusted to relevant professional institutions for reuse.

Hazardous Waste	Unit	2025	2024
Total solid waste	Tonnes	0.050	0.058
Intensity	Tonnes/million revenue (RMB)	0.00019	0.00022

Air Pollutants and Greenhouse Gas Emissions

During the Reporting Period, the Group's air emissions were mainly generated from the use of vehicles and the consumption of natural gas in boilers, resulting in exhaust gas pollutants including nitrogen oxides, sulphur oxides and particulate matter. The Group's direct greenhouse gas emissions (Scope 1) mainly arose from fuel consumption in vehicles, natural gas consumption in boilers, and refrigerant use in air-conditioning and refrigeration equipment controlled by the Group, while energy indirect greenhouse gas emissions (Scope 2) arose from the consumption of purchased electricity.

Air and Greenhouse Gas Emissions Performance			
Air Pollutant and Greenhouse Gas	Unit	2025	2024
Air Pollutant			
Nitrogen oxides	Kg	498.19	455.84
Sulphur oxides	Kg	25.23	75.70
Particulate matter	Kg	15.66	21.77
Greenhouse Gas			
Direct emissions (Scope 1)	Tonnes CO ₂ equivalent	819.66	730.39
Energy indirect emissions (Scope 2)	Tonnes CO ₂ equivalent	5,267.68	5,755.54
Total Greenhouse Gas Emissions			
Intensity	Tonnes CO ₂ equivalent	6,087.34	6,485.93*
	Tonnes CO ₂ equivalent/ million revenue (RMB)	22.82	24.32

* Comparative figures for 2024 Scope 1 and total greenhouse gas emissions have been restated to reflect the inclusion of refrigerant emissions for improved consistency and comparability.

Methodology Note:

Scope 1 greenhouse gas emissions include emissions from petrol and diesel consumed by vehicles, natural gas consumed by boilers, and refrigerants used in air-conditioning and refrigeration equipment controlled by the Group. Scope 2 greenhouse gas emissions were calculated on a location-based basis using purchased electricity consumption and a grid-average emission factor of 0.570 tonnes CO₂ e/ MWh. Greenhouse gas emissions were measured in accordance with the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)*.

Environmental, Social and Governance (ESG) Report

In calculating Scope 1 greenhouse gas emissions, the Group adopted an activity-based approach based on fuel consumption data and refrigerant usage data for the Reporting Period. For refrigerants, annual replenishment/usage data was used as a proxy for emissions during the Reporting Period. The Group adopted this approach because it reflects the nature of its operations, is based on available operational and maintenance records, and supports transparent and consistent reporting of direct greenhouse gas emissions.

For Scope 2 greenhouse gas emissions, the Group adopted a grid-average emission factor of 0.570 tonnes CO₂e/MWh in order to maintain methodological consistency and year-on-year comparability.

During the Reporting Period, part of the electricity consumed at the Group's factory was supplied through a rooftop photovoltaic arrangement operated by a third-party power company. As the Group could not confirm annual entitlement to the related renewable electricity or carbon reduction attributes under the contractual arrangement, the Group adopted a prudent approach and continued to calculate Scope 2 greenhouse gas emissions on a location-based basis using the grid-average emission factor for all purchased electricity consumed during the Reporting Period. Accordingly, there was no material change to the Scope 2 calculation methodology compared with the prior year.

During the Reporting Period, the Group enhanced the Scope 1 calculation boundary by incorporating refrigerant emissions where relevant data became available. Accordingly, the comparative Scope 1 figure for 2024 has been restated to improve consistency and comparability. Apart from this enhancement to the Scope 1 boundary, there were no other material changes to the principal greenhouse gas calculation methodology, key assumptions or factor application compared with the prior year.

The Group has also assessed relevant Scope 3 greenhouse gas emission categories for the Reporting Period with reference to the climate-related disclosure requirements under Appendix C2. Relevant Scope 3 disclosures are set out in section 21 "Combatting Climate Change".

The Group is committed to reducing air emissions and greenhouse gas emissions arising from its business operations and has implemented various monitoring and mitigation measures:

Compliance Evaluation in the "Quality and Environmental Management Handbook"

- Appoint an office commissioner to determine the frequency of compliance evaluation in accordance with the local laws and regulations;
- The Management evaluates the impact of construction projects and business on our emission level annually; and
- In case of any non-compliance of local environmental laws and regulations requirements in our production procedures, we will require relevant departments to implement rectifying measures.

Daily Testing Procedure in the “Quality and Environmental Management Handbook”

- Office commissioner reports the data to the relevant departments, especially in the case of any abnormalities or exceedances;
- Departments shall be notified promptly of any production safety hazard in accordance with the “Management Provisions on Identification and Rectification of Production Safety Hazards”, and corrective actions shall be taken within the specified timeframe; and
- Overall compliance will be presented at the evaluation meeting of the management of the Company and the result of regular evaluation will be recorded.

Production Emission Reduction Measures

- Prioritize the purchase of high-performance and low-pollution machines in the production line; and
- Transform coal boilers into natural gas boilers.

Vehicle Management and Transportation Emission Reduction Measures

- Manage the number and type of vehicles in the Company properly to reduce fuel consumption and pollutant emissions; and
- Avoid busy hours when scheduling delivery.

Travel Emission Reduction Measures

- Encourage employees to use video conference and email instead of business travel; and
- Choose direct flights for unavoidable air travel to reduce the carbon footprint due to business travel.

RESOURCE MANAGEMENT

The Group is well aware of the finiteness of natural resources and therefore promotes the efficient use of resources internally. We improve energy efficiency by continuously monitoring energy consumption data and actively optimizing management to reduce emissions and save energy.

Improving Efficiency of Resource Use

Due to the nature of the industry, we will inevitably use energy in the production process. During the Reporting Period, our energy consumption was mainly derived from electricity and natural gas.

Type of Energy	Unit	2025	2024
Direct Energy			
Natural gas	MWh	2,466.10	1,789.68
Diesel	MWh	44.52	143.83
Unleaded petrol	MWh	49.10	59.34
Indirect Energy			
Purchased electricity	MWh	9,241.54	10,097.44
Total consumption	MWh	11,801.26	12,090.29
Intensity	MWh/million revenue (RMB)	50.90	45.33

The Group is committed to improving our energy efficiency and implements the following measures to achieve the best results:

Energy conservation measures

- Install motion sensors in areas not frequently used. Lights will only be turned on when employees pass through to reduce unnecessary electricity consumption;
- Conduct regular check and maintenance on machines and appliances to improve efficiency;
- Use electronic ballasts which cause less power loss to replace traditional electromagnetic ballasts to improve energy saving efficiency;
- Encourage our employees to switch off printers and communication technology equipment completely when leaving the working area after work;
- Maintain indoor temperature within an energy-efficient level of 24 - 26° C;
- Separate light switches for production facility and office area, and post notices to remind employees to turn off lights and appliances when leaving the working area;
- Prioritize the use of energy saving lighting devices; and
- Deploy more natural light.

Conserving Water Resources

Due to the nature of the business, the Group consumes water resources in its production processes. During the Reporting Period, we had no issues with sourcing water that is fit for purpose.

Water Consumption Unit		2025	2024
Total water consumption	m ³	205,103	260,899
Intensity	m ³ /million revenue (RMB)	884.68	978.11

The Group is committed to improving water efficiency and has developed the “Energy Saving and Emission Reduction Management Procedures”, which covers water-saving production methods and related instruments to improve water use efficiency, conserve water to the largest extent. We also strived to implement different measures, including integrated water management solutions. In order to ensure the sustainable development of the ecological environment, we have developed and implemented water management measures that require employees to reduce the consumption of drinking water in their work processes as much as possible, including:

-  Recycle wastewater for cleaning and irrigation
- Use a dual-flush toilet that can adjust flushing volume 
-  Check and repair the pipes (including water meter inspection) of production facility and office for any leaks on a regular basis

Reducing Packaging Materials

The Group is committed to avoiding over-packaging to reduce the use of packaging materials. Our products involve plastic bags, liners, packing boxes and other packaging materials. Packaging materials such as tags, tag pins and stickers are also required for each product sold in stores. During the Reporting Period, the packaging materials involved can be mainly divided into paper, plastic and metal.

Packaging Materials Unit		2025	2024
Total packaging materials	Tonnes	1,061.55	1,631.61
Intensity	Tonnes/million revenue (RMB)	3.98	6.12

We will choose pack cartons made from sustainable forests or certified by the Forest Stewardship Council for packaging where possible.

CHERISHING NATURAL RESOURCES

Due to the nature of our business, we do not have a significant impact on the environment and natural resources. However, we still place great importance on incorporating the concept of environmental protection into our operations, and carefully handle possible impact of our operations on the surrounding environment. We mainly promote the importance of cherishing natural resources and environmental protection to employees and conduct environmental management in accordance with the “Quality and Environmental Management Handbook” and “Energy Conservation and Emission Reduction Management Procedures”. We actively manage air and noise and appoint designated personnel to conduct regular inspections of operating procedures.



We implement a series of measures to help employees adjust their work habits in daily operations, indirectly reducing the consumption of natural resources:

- set our office printers in eco-friendly printing mode;
- set up a recycling bin to collect single-sided used paper for employees to reuse;
- encourage employees to use double-sided printing to avoid using too much unnecessary paper;
- encourage employees to use electronic communication tools to view and store data and avoid printing relevant files; and

- Reduce the consumption rate of packaging, logistics and sales mode through reuse, such as reusing carton packaging for internal transportation.

Furthermore, we organize environmental training for employees to enhance their awareness of the control and management of sewage, air emissions, solid waste, noise and dust produced by the Company, and require them to abide by the environmental policies of the Company and relevant local laws and regulations, and minimize the negative impacts on environmental and employees' health caused by personal habits and business operations.

COMBATTING CLIMATE CHANGE

Climate risks and opportunities

Climate change has become an increasingly important issue for businesses and may create both transition risks and physical risks for the Group's operations. The Group recognises that climate-related factors may affect its production facilities, operating costs, compliance requirements, supply chain stability and long-term business development. During the Reporting Period, the Group continued to monitor climate-related matters through its existing risk management and operational management processes, and continued to strengthen the collection and review of relevant greenhouse gas emissions and operational data in order to support more transparent and consistent climate-related disclosures.

In relation to transition risks, the Group is aware of the evolving regulatory and market expectations associated with green development, energy saving, emissions reduction and low-carbon transformation. In the PRC, policy developments relating to carbon reduction, green manufacturing and sustainable industrial development may affect the textile and apparel industry, including the sourcing of raw materials, production processes, product development and operating costs. In response, the Group continues to pay attention to market and regulatory developments and, where practicable, considers energy efficiency improvement, operational optimisation and product-related environmental considerations in its business and production activities. The Group will continue to review how such developments may affect its operations and business planning.

In relation to physical risks, the Group understands that extreme weather events such as typhoons, heavy rainfall and flooding may affect its production facilities, logistics arrangements, employee attendance and supply chain continuity. Certain operating locations of the Group may therefore be exposed to weather-related disruption. To enhance preparedness, the Group has established internal response arrangements, including the "Flood Control Emergency Plan", and has adopted corresponding procedures for different weather conditions with a view to reducing the potential impact of extreme weather on its operations.

Climate-related risks and opportunities may affect the Group's business model and value chain in areas such as production operations, factory facilities, electricity and fuel consumption, procurement of raw materials, logistics arrangements and retail operations. The Group's production facilities in the PRC, transportation arrangements and supply chain activities may be affected by changes in regulatory requirements, energy costs, extreme weather events and customer demand for greener products.

Environmental, Social and Governance (ESG) Report

For the purpose of this Report, the Group generally considers short term to refer to matters that may arise within one year, medium term to refer to matters that may arise over one to three years, and long term to refer to matters that may arise over more than three years, by reference to its annual budgeting, operational planning and longer-term business development considerations.

In response to these climate-related risks and opportunities, the Group has continued to incorporate energy efficiency improvement, operational optimisation and facility management enhancement into its business and production activities where practicable. During the Reporting Period, the Group further enhanced the measurement and disclosure of its greenhouse gas emissions, including Scope 1 and Scope 2 emissions, in accordance with the updated requirements of Appendix C2 to the Listing Rules.

The Group does not currently maintain a standalone formal climate-related transition plan. However, the Group has continued to consider climate-related factors in its operational planning and resource allocation, including energy efficiency improvement, higher-efficiency equipment and production/facility management optimisation where appropriate. Relevant expenditure is primarily embedded in the Group's general operational and capital expenditure planning rather than managed as a separate climate-specific budget.

During the Reporting Period, the Group continued to monitor developments in climate-related regulatory expectations and operational needs. The Group's climate-related disclosures and supporting data collection processes were further enhanced compared with the prior year, particularly in relation to greenhouse gas emissions measurement and internal review of relevant climate-related information. Apart from such enhancement, the Group had not previously disclosed a formal standalone climate-related transition plan.

Governance

The Board bears ultimate responsibility for overseeing the Group's overall sustainability and risk management. Climate-related matters are considered by management as part of the Group's risk management and sustainability agenda and are taken into account in daily operations and decision-making processes, with reporting to the Board where appropriate.

Climate-related matters are coordinated by management, with relevant functional departments, including operations, finance and administrative management, participating within their respective responsibilities. Climate-related matters do not follow a fixed reporting cycle and are reported to management or the Board as appropriate, depending on their significance and actual circumstances.

In overseeing climate-related matters, the Group considers whether appropriate internal experience, operational knowledge and external support are available to support such oversight and management. Climate-related considerations are taken into account, where relevant, in the Group's broader strategic, operational and risk management discussions, including in relation to major operational decisions and relevant resource allocation considerations. During the Reporting Period, the Group had not established formal climate-related targets, and climate-related performance metrics were not incorporated into remuneration arrangements.

Risk management

The Group makes a preliminary identification and assessment of climate-related risks and opportunities with reference to its business nature and operating environment. Such assessment mainly takes into account actual operations, industry characteristics and changes in the regulatory environment, and forms part of the Group's broader risk management and sustainability considerations.

Climate-related risks have been incorporated into the Group's overall risk management considerations and are addressed by management under the Group's existing risk management framework. The Group continues to review the potential impact of such risks in light of business development and changes in the external environment.

In identifying and assessing climate-related risks and opportunities, the Group primarily considers qualitative factors such as the nature of operations, facility locations, energy use patterns, supply chain exposure, regulatory developments and potential operational disruption. The Group currently does not use formal climate scenario analysis as an input to the identification of climate-related risks and opportunities. Climate-related matters are considered together with other business risks and opportunities and are prioritised according to their potential relevance to the Group's operations and management considerations.

During the Reporting Period, the Group further strengthened the collection and review of greenhouse gas emissions and operational data to support the enhancement of climate-related disclosures, but there were no other material changes to the Group's overall risk management framework in relation to climate-related matters.

Climate resilience and scenario analysis

During the Reporting Period, the Group had not yet conducted formal climate scenario analysis. Given that relevant assumptions, data and methodologies are still evolving, the Group will gradually assess the feasibility of introducing climate scenario analysis in the future based on business needs and data readiness.

As formal climate scenario analysis has not yet been carried out, the Group has not separately presented a formal climate resilience assessment during the Reporting Period. The Group will continue to review its climate-related data foundation, internal capabilities and reporting needs, and will assess the appropriate timing for further enhancement of climate resilience-related disclosures in future reporting periods.

Scope 3 applicability and non-quantification

During the Reporting Period, the Group assessed the applicability of Scope 3 greenhouse gas emission categories with reference to the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011). Based on the Group's business model, operational structure and value chain characteristics, the Group considered the following Scope 3 categories to be applicable: purchased goods and services, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, downstream transportation and distribution, use of sold products, end-of-life treatment of sold products, and franchises. Scope 3 greenhouse gas emissions were not disclosed in the prior reporting period. During the Reporting Period, the Group conducted a preliminary assessment of relevant Scope 3 categories and data readiness as part of its enhancement of climate-related disclosures.

The Group has not disclosed quantitative Scope 3 greenhouse gas emissions for the Reporting Period. This is because the Group is still in the process of defining the relevant reporting boundary, assessing the availability and consistency of data across its value chain, and strengthening internal data collection and management processes for Scope 3 emissions.

The Group will continue to review the materiality of relevant Scope 3 categories, improve its underlying data foundation and assess the feasibility of enhancing Scope 3 disclosures in future reporting periods. As part of this process, the Group intends to continue reviewing value-chain data availability in areas such as procurement, transportation, waste and franchise-related activities, and to strengthen relevant internal data collection and management processes progressively.

Targets

The Group is still in the process of improving its climate-related management and data collection framework and had not established formal greenhouse gas reduction, energy efficiency or renewable energy targets during the Reporting Period. The Group had also not identified any climate-related targets that were specifically required to be met by the Group by law or regulation during the Reporting Period.

The Group will continue to review relevant arrangements and consider setting appropriate targets when conditions become more mature. As no formal climate-related targets had been established during the Reporting Period, the Group has not made further quantitative target-related disclosures in this regard.

Carbon pricing

During the Reporting Period, the Group had not adopted an internal carbon pricing mechanism and had not formally taken carbon pricing factors into account in investment or operational decision-making. The Group will continue to monitor relevant regulatory and market developments and assess the feasibility of introducing such mechanisms where appropriate.

Climate-related capital expenditure and financial effects

During the Reporting Period, the Group incorporated climate risk mitigation and adaptation considerations into certain operational and capital expenditure items, including improving energy efficiency, introducing higher-efficiency equipment, and enhancing production and facility management in order to reduce energy consumption and improve operational resilience. Such expenditure was mainly embedded in operational optimisation and was not separately presented as dedicated climate-related capital expenditure, financing or investment. Accordingly, the Group has not separately disclosed a quantified amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities for the Reporting Period.

At present, the Group has not separately quantified the current financial effects of climate-related risks and opportunities on its financial position, financial performance or cash flows. This is because the relevant effects are not separately identifiable at this stage and the Group is still improving the underlying data, assumptions and internal processes required for such assessment. Nevertheless, climate-related factors may affect areas reflected in the Group's financial statements, including cost of sales, utility and energy expenses, maintenance and repair expenses, administrative expenses, and, where relevant, property, plant and equipment, inventories and operating cash flows.

The Group has also not separately quantified the anticipated financial effects of climate-related risks and opportunities over the short, medium and long term. This is because the Group is still developing the data foundation, assumptions and internal assessment processes necessary for such analysis. As the Group continues to enhance its climate-related disclosures and internal management processes, it will review the feasibility of strengthening disclosures on current and anticipated financial effects in future reporting periods.

Based on its current preliminary assessment, climate-related risks and opportunities may be relevant to areas such as production operations, facility management, energy consumption, procurement arrangements, logistics activities and related operating costs. However, the Group has not identified any specific climate-related risk or opportunity for which there is currently a separately identifiable significant risk of material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.

Climate-related exposure metrics

The Group has not separately disclosed the amount and percentage of assets or business activities vulnerable to climate-related transition risks, climate-related physical risks, or aligned with climate-related opportunities for the Reporting Period. This is because the Group is still in the process of developing the internal methodologies, assumptions and data required to perform such assessments on a sufficiently reliable and consistent basis.

Nevertheless, based on the Group's current assessment, climate-related risks and opportunities are mainly concentrated in production operations, factory facilities, electricity and fuel consumption, procurement of raw materials, logistics arrangements and retail operations. The Group will continue to improve its data collection and internal assessment processes, and will review the feasibility of enhancing these climate-related exposure metrics in future reporting periods.

COMMUNITY INVESTMENT

The Group understands the importance of giving back to the society. We rely on the support of various stakeholders for sustainable business development. We hope to support the development of communities where the Group operates. For many years, the Group has encouraged employees to participate in various community projects to promote community development. We also actively listen to the voices and opinions of the community and promise to invest more resources such as effort, time, and expertise to contribute to all levels of society in the future.

INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE

The following index is prepared with reference to Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including Part B Mandatory Disclosure Requirements, Part C “comply or explain” Provisions, and Part D Climate-related Disclosures.

Part/Subject Area	Content	Chapter
Part B	Governance Structure — A statement from the board containing information on the board’s oversight of ESG issues, the board’s ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer’s businesses), and how the board reviews progress made against ESG-related goals and targets.	Corporate Governance and Risk Management; Approach to Sustainability Development
Part B	Reporting Principles — A description of, or an explanation on, the application of the reporting principles of materiality, quantitative, consistency and balance in the preparation of the ESG report.	About this Report – Reporting Principles
Part B	Reporting Boundary — A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report.	About this Report – Reporting Period and Boundary

Part/Subject Area	Content	Chapter
Part C – 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 emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Management System
Part C – A1 Emissions	KPI A1.1 – The types of emissions and respective emissions data.	Emissions Management – Air Pollutants and Greenhouse Gas Emissions
Part C – A1 Emissions	KPI A1.2 – Repealed with effect from 1 January 2025.	N/A
Part C – A1 Emissions	KPI A1.3 – Total hazardous waste produced and, where appropriate, intensity.	Emissions Management – Hazardous Waste Management
Part C – A1 Emissions	KPI A1.4 – Total non-hazardous waste produced and, where appropriate, intensity.	Emissions Management – Non-hazardous Waste Management
Part C – A1 Emissions	KPI A1.5 – Description of emission target(s) set and steps taken to achieve them.	Emissions Management – Air Pollutants and Greenhouse Gas Emissions
Part C – A1 Emissions	KPI A1.6 – Description of how hazardous and non-hazardous wastes are handled, and description of reduction target(s) set and steps taken to achieve them.	Emissions Management – Hazardous Waste Management; Non-hazardous Waste Management

Environmental, Social and Governance (ESG) Report

Part/Subject Area	Content	Chapter
Part C – A2 Use of Resources	General Disclosure – Policies on the efficient use of resources, including energy, water and other raw materials.	Resource Management
Part C – A2 Use of Resources	KPI A2.1 – Direct and/or indirect energy consumption by type in total and intensity.	Improving Efficiency of Resource Use
Part C – A2 Use of Resources	KPI A2.2 – Water consumption in total and intensity.	Conserving Water Resources
Part C – A2 Use of Resources	KPI A2.3 – Description of energy use efficiency target(s) set and steps taken to achieve them.	Improving Efficiency of Resource Use
Part C – A2 Use of Resources	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.	Conserving Water Resources
Part C – A2 Use of Resources	KPI A2.5 – Total packaging material used for finished products and, if applicable, with reference to per unit produced.	Reducing Packaging Materials
Part C – A3 The Environment and Natural Resources	General Disclosure – Policies on minimising the issuer's significant impacts on the environment and natural resources.	Cherishing Natural Resources
Part C – A3 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.	Cherishing Natural Resources
Part C – A4 Climate Change	Repealed with effect from 1 January 2025. Relevant climate-related disclosures are set out in Part D of this index.	Section 21 – Combatting Climate Change

Part/Subject Area	Content	Chapter
Part C – 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 Management; Employment and Remuneration Policy; Recruitment and Promotion
Part C – B1 Employment	KPI B1.1 — Total workforce by gender, employment type, age group and geographical region.	Employment Management
Part C – B1 Employment	KPI B1.2 — Employee turnover rate by gender, age group and geographical region.	Employment Management
Part C – 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
Part C – B2 Health and Safety	KPI B2.1 — Number and rate of work-related fatalities.	Health and Safety
Part C – B2 Health and Safety	KPI B2.2 — Lost days due to work injury.	Health and Safety
Part C – B2 Health and Safety	KPI B2.3 — Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety
Part C – B3 Development and Training	General Disclosure — Policies on improving employees' knowledge and skills for discharging duties at work and description of training activities.	Excellent Talent Training
Part C – B3 Development and Training	KPI B3.1 — Percentage of employees trained by gender and employee category.	Excellent Talent Training
Part C – B3 Development and Training	KPI B3.2 — Average training hours completed per employee by gender and employee category.	Excellent Talent Training

Environmental, Social and Governance (ESG) Report

Part/Subject Area	Content	Chapter
Part C – 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
Part C – B4 Labour Standards	KPI B4.1 — Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
Part C – B4 Labour Standards	KPI B4.2 — Description of steps taken to eliminate such practices when discovered.	Labour Standards
Part C – B5 Supply Chain Management	General Disclosure — Policies on managing environmental and social risks of the supply chain.	Sustainable Supply Chain Management
Part C – B5 Supply Chain Management	KPI B5.1 — Number of suppliers by geographical region.	Supplier Evaluation
Part C – B5 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.	Sustainable Supply Chain Management; Supplier Evaluation
Part C – B5 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.	Sustainable Supply Chain Management; Supplier Evaluation
Part C – B5 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.	Sustainable Supply Chain Management; Supplier Evaluation
Part C – 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.	Optimizing Products and Services; Customer Rights and Interests; Intellectual Property Rights Protection; Advertising and Labelling
Part C – B6 Product Responsibility	KPI B6.1 — Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Optimizing Products and Services
Part C – B6 Product Responsibility	KPI B6.2 — Number of products and service related complaints received and how they are dealt with.	Customer Rights and Interests
Part C – B6 Product Responsibility	KPI B6.3 — Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Rights Protection
Part C – B6 Product Responsibility	KPI B6.4 — Description of quality assurance process and recall procedures.	Optimizing Products and Services
Part C – B6 Product Responsibility	KPI B6.5 — Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Customer Rights and Interests

Part/Subject Area	Content	Chapter
Part C – 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.	Integrity and Compliance
Part C – B7 Anti-corruption	KPI B7.1 — Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees and directors, and the outcomes of the cases.	Integrity and Compliance
Part C – B7 Anti-corruption	KPI B7.2 — Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Integrity and Compliance; Whistle-blowing Channels
Part C – B7 Anti-corruption	KPI B7.3 — Description of anti-corruption training provided to directors and staff.	Anti-corruption Training
Part C – 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
Part C – B8 Community Investment	KPI B8.1 — Focus areas of contribution.	Community Investment
Part C – B8 Community Investment	KPI B8.2 — Resources contributed to the focus areas.	Community Investment

Environmental, Social and Governance (ESG) Report

Part/Subject Area	Content	Chapter
Part D – Climate-related Disclosures	Governance	Combatting Climate Change – Governance
Part D – Climate-related Disclosures	Strategy – Climate risks and opportunities	Combatting Climate Change – Climate risks and opportunities
Part D – Climate-related Disclosures	Risk management	Combatting Climate Change – Risk management
Part D – Climate-related Disclosures	Climate resilience and scenario analysis	Combatting Climate Change – Climate resilience and scenario analysis
Part D – Climate-related Disclosures	Metrics and targets – Scope 1 and Scope 2 greenhouse gas emissions	Emissions Management – Air Pollutants and Greenhouse Gas Emissions
Part D – Climate-related Disclosures	Metrics and targets – Scope 3 applicability and non-quantification	Combatting Climate Change – Scope 3 applicability and non- quantification
Part D – Climate-related Disclosures	Metrics and targets – Targets	Combatting Climate Change – Targets
Part D – Climate-related Disclosures	Metrics and targets – Carbon pricing	Combatting Climate Change – Carbon pricing
Part D – Climate-related Disclosures	Metrics and targets – Climate-related capital expenditure and financial effects	Combatting Climate Change – Climate- related capital expenditure and financial effects
Part D – Climate-related Disclosures	Metrics and targets – Climate-related exposure metrics	Combatting Climate Change – Climate- related exposure metrics

The Directors are pleased to present the annual report and the audited consolidated financial statements of the Group for the Reporting Period.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Company is investment holding. Principal activities of the subsidiaries are set out in Note 1 to the consolidated financial statements. A review of the business of the Group during the Reporting Period, a discussion on the Group's future business development and an analysis of the Group's performance during the Reporting Period using key financial performance indicators are provided in the "Management Discussion and Analysis" on pages 5 to 11 of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

During the Reporting Period, except as disclosed in this annual report, the Group was not aware of material non-compliance with the relevant laws and regulations that have a significant impact on the business and operations of the Group.

RELATIONSHIP WITH CUSTOMERS, SUPPLIERS AND EMPLOYEES

The Group recognises that employees, customers and suppliers are keys to the Group's sustainable development. The Group is committed to establishing a close and caring relationship with its employees, providing high quality products and services to its customers and maintain cooperation with its suppliers. The Group provides a fair and safe workplace, promotes diversity to its employees and provides competitive remuneration packages and career development opportunities based on their performance and experience. The Group also provides regular trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions. The trade receivables and credit risk of the Group are set out in Note 19 and Note 35 to the consolidated financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Group include:

Business and strategic risks

The Group's business performance, development prospects and/or ability to implement its strategies may be subject to material adverse changes due to changes in the business, economic, competitive, regulatory or political environment in the regions in which the Group operates.

Environmental, social and governance risks

Based on the Group's risk management and internal control systems, the Group incorporates ESG (environmental, social and governance) risks into its risk management and internal control systems to further strengthen risk management across the enterprise. The Group is particularly concerned about some environmental, social and governance risks, including climate change, power supply constraints, supply chain management and trade environment fluctuations.

Financial risk

Details of financial risks are set out in the Note 35 to the consolidated financial statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group recognises the importance of environmental protection and has adopted stringent measures for environmental protection in order to ensure our compliance to the prevailing environmental protection laws and regulations. During the Reporting Period, the Group did not violate any relevant environmental regulations and rules which gives rise of significant impact to the Group's development, performance and businesses. The environmental, social and governance report is included in this annual report on page 28 to page 70.

CONSOLIDATED FINANCIAL STATEMENTS

The results of the Group for the Reporting Period and the financial position of the Group as at 31 December 2025 are set out on pages 90 to 93 of this annual report.

DIVIDENDS

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

DIVIDEND POLICY

On 19 March 2019, the Board approved and adopted a dividend policy (the "**Dividend Policy**") that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements, future business growth and its shareholding value.

The Board shall take into account the following factors of the Group when considering the declaration and payments of dividends:

- (i) Financial results;
- (ii) Cash flow situation;
- (iii) Business conditions and strategies;
- (iv) Future operations and earnings;
- (v) Capital requirements and expenditure plans;
- (vi) Interests of shareholders;
- (vii) Any restrictions on payment of dividends; and
- (viii) Any other factors that the Board may consider relevant.

The Board will review the Dividend Policy from time to time in light of results of operations, cash flows, financial condition, shareholders' interest, capital requirements, general business conditions and strategies, and other factors the Board may deem relevant in determining whether dividends are to be declared and paid.

CLOSURE OF REGISTER OF MEMBERS

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

INVESTMENT PROPERTIES

The Group's investment properties consist of 3 factories of the production base situated at No. 129, Chunhan Street, Beiyuan Road, Yiwu City, Zhejiang Province, PRC, which is leased out to tenants as offices and warehouses. The fair value of this investment property amounting to RMB257.2 million was based on valuations performed by KING KEE APPRAISAL AND ADVISORY LTD, an independent firm of professionally qualified valuers. Further summary of details is included in Note 14 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movement in the Group's property, plant and equipment during the Reporting Period are set out in Note 13 to the consolidated financial statements.

BANK BORROWINGS

Particulars of the bank borrowings of the Group as at 31 December 2025 are set out in Note 25 to the consolidated financial statements.

SHARE CAPITAL

As at 31 December 2025, the total number of issued shares was 1,471,123,710. The Company has only one class of shares, all the shares (100%) rank equally in all respects, including in relation to dividends, distributions and voting. Details of the movement in the Company's share capital during the Reporting Period are set out in Note 27 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

DONATIONS

During the Reporting Period, the Group had no donations.

RESERVES

Details of the movement in reserves of the Company and the Group during the Reporting Period are set out in Note 28 to the consolidated financial statements.

DIRECTORS

The Directors during the year and up to the date of this report are:

Executive Directors

Mr. Jin Guojun (*Chairman*)
Mr. Zhao Hui

Non-executive Directors

Ms. Gong Lijin
Ms. Huang Jingyi

Independent non-executive Directors

Mr. Chan Yin Tsung (*Lead independent non-executive Director*)
Mr. Chow Chi Hang Tony
Dr. Wei Zhongzhe

Biographical details of the existing Directors are set out on pages 12 to 14 of this annual report.

In accordance with Article 109 of the Articles, 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 once every three years. A retiring Director shall be eligible for re-election. The Directors to retire every year will be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. By virtue of Article 109 of the Articles, Mr. Zhao Hui, Ms. Huang Jingyi and Dr. Wei Zhongzhe will retire from office and, being eligible, will offer themselves for re-election at the forthcoming AGM.

DIRECTORS AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors are set out in the section headed "Directors and Senior Management" of this annual report.

DIRECTORS' REMUNERATION

Details of the remuneration of the Directors are set out in Note 8 to the consolidated financial statements.

FIVE HIGHEST PAID INDIVIDUALS

Details of the five highest paid individuals in the Group are set out in Note 9 to the consolidated financial statements.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors, non-executive Directors and independent non-executive Directors entered into a service contract or a letter of appointment (as the case may be) with the Company for a term of three years commencing from their respective effective date of appointment, which may be terminated by either party giving not less than three months' notice in writing for the case of executive Directors and non-executive Directors and one month's written notice for the case of independent non-executive Directors.

No Director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Related Party Transactions" in this report and Note 32 to the consolidated financial statements, no Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the Reporting Period.

DEBENTURES IN ISSUE

During the Reporting Period, the Group did not issue any debentures.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURE

Save as disclosed in the paragraph headed "Share Option Scheme" below, at no time during the Reporting Period from 26 April 2019 (the "**Listing Date**") and up to 31 December 2025 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares, or debt securities, including debentures, of the Company or any other body corporate.

UPDATE ON THE DIRECTOR'S INFORMATION

In accordance with Rule 13.51B(1) of the Listing Rules, the following discloses the latest information on the directors of the Company:

Mr. Jin Guojun has been a director of Hong Kong Bonny Fashion Ltd.* (香港博尼時尚有限公司), a wholly-owned subsidiary of the Company since August 2025.

Directors' Report

Ms Gong Lijin resigned as a supervisor of Zhejiang Deshipu Polyamide Technology Co., Ltd.* (浙江德施普錦綸科技有限公司) and Bode Holding Group Co., Ltd. in August 2025, and resigned as a supervisor of Zhejiang Deshipu New Materials Technology Co., Ltd.* (浙江德施普新材料科技有限公司) in June 2025. Ms. Gong resigned as a supervisor of Yiwu Bonny Fashion Apparel Co., Ltd.* (義烏博尼時尚服飾有限公司) in July 2025.

Ms. Huang Jingyi served as the director and manager of Yiwu Bonny Trading Co., Ltd. * (義烏市博尼貿易有限公司) and the director and manager of Yiwu Baien Supplier Service Co., Ltd.* (義烏市銀恩供應鏈服務有限公司), the wholly-owned subsidiaries of the Company, from March 2025 to November 2025 respectively.

Ms Gong Lijin and Mr. Chow Chi Hang Tony has been appointed as a member of the nomination committee of the Company with effect from 27 June 2025.

Save as mentioned above and in this annual report, there is no other information that is required to be disclosed in this report pursuant to Rule 13.51B(1) of the Listing Rules.

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 executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")), which have been notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have taken under such provisions of the SFO), or were recorded in the register required to be kept under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long position in the issued shares of the Company

Name of Director	Capacity/Nature of interest	Number of shares or underlying shares	Approximate percentage of shareholding ^(Note 1)
Jin Guojun	Interested in controlled corporation ^(Note 2)	793,125,000	53.91%
Gong Lijin	Interest of spouse ^(Note 3)	793,125,000	53.91%
Huang Jingyi	Beneficial owner	10,033,461	0.68%

Notes:

- As at 31 December 2025, the total number of issued shares of the Company is 1,471,123,710 shares.
- These shares are held by Maximax Holding Corporation ("Maximax"), which is wholly owned by Jin Guojun. By virtue of the SFO, Jin Guojun is deemed to be interested in the shares held by Maximax.
- Gong Lijin is the spouse of Jin Guojun. By virtue of the SFO, Gong Lijin is deemed to be interested in the shares interested by Jin Guojun.

Long position in the shares of associated corporations of the Company

Name of Director	Name of associated corporation	Capacity/Nature of interest	Number of shares or underlying shares	Approximate percentage of shareholding
Jin Guojun	Maximax ^(Note 1)	Interest in controlled corporation	1	100%

Note:

1. Maximax is one of the controlling shareholders of the Company and is wholly owned by Jin Guojun.

Save as disclosed above, as at 31 December 2025, none of the Directors or chief executive of the Company had any interest or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which have been notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have taken under such provisions of the SFO), or were recorded in the register required to be kept under Section 352 of the SFO, or as otherwise were notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, so far as known to the Directors, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long position in issued shares of the Company

Name of shareholder	Capacity/Nature of Interest	Number of shares or underlying shares	Approximate percentage of shareholding ^(Note 1)
Maximax Holding Corporation	Beneficial Owner	793,125,000 ^(Note 2)	53.91%
Yiwu Financing Guarantee Co., Ltd.* (義烏市融資擔保有限公司)	Person having a security interest in the shares	243,025,715	16.52%

Note:

1. As at 31 December 2025, the total number of issued shares of the Company is 1,471,123,710 shares.
2. As at 31 December 2025, Maximax has pledged 243,025,715 shares of the Company as Security and it is not intended to provide guarantee for the Company's debts or the Company's warranties or as support for other obligations.

Save as disclosed above, as at 31 December 2025, the Directors were not aware of any other persons (other than the Directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the “**Share Option Scheme**”) on 19 March 2019 (the “**Adoption Date**”). No share option was granted by the Company under the Share Option Scheme since the Adoption Date.

A summary of the key terms of the Share Option Scheme is set out below. The terms of the Share Option Scheme have complied with the requirements of Chapter 17 of the Listing Rules.

(i) Purpose

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group.

(ii) Eligible Participants

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants (“**Eligible Participants**”), to take up options to subscribe for Shares:

- (a) any employee or non-executive director of the Company or any of the subsidiaries or any entity in which the Group holds an equity interest;
- (b) any supplier, customer, research and development or other technological support provider, shareholder, advisor or consultant, business partner (by way of joint venture, business alliance or other business arrangement) of any member of the Group or any entity in which the Group holds an equity interest.

(iii) Total number of Share available for issue

The total number of Shares which may be issued in respect of all options under the Share Option Scheme and other schemes of the Company would be no more than 120,000,000 Shares, representing 10% of the total number of Shares in issue (excluding treasury shares) as at the Adoption Date.

Up to the date of this report, no Shares had been issued under Share Option Scheme.

(iv) Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

Any further grant of options in excess of the above limit shall be subject to separate Shareholders' approval in general meeting of the Company with such participant and his close associates (or his associates if the participant is a connected person) abstaining from voting.

(v) Grant of options to connected persons

Any grant of options under the Share Option Scheme to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the option).

Any grant of options to a substantial shareholder or an independent non-executive director of the Company or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue and having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, such further grant of options must be approved by the Shareholders in general meeting. The Company must send a circular to the Shareholders. The grantee, his associates and all connected persons of the Company must abstain from voting in favor at such general meeting.

(vi) Time of acceptance and exercise of option

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

(vii) Subscription price for Shares and consideration for the option

The subscription price per Share under the Share Option Scheme shall be determined at the discretion of the Directors, provided that it shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five Business Days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Share.

A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

(viii) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the Adoption Date.

During the Reporting Period, no share options were granted, exercised, lapsed or cancelled in accordance with the terms of the Share Option Scheme. There were no outstanding share options under the Share Option Scheme at the beginning and at the end of the Reporting Period.

There were no share option granted, exercised, expired, cancelled/lapsed and outstanding under the Share Option Scheme for the year ended 31 December 2025, therefore the weighted average closing price of the shares immediately before the dates on which the options were exercised or vested pursuant to Rule 17.07(1) (d) of the Listing Rules is not available.

Pursuant to Rule 17.07(2) of the Listing Rules, the total number of share options available for grant under the Share Option Scheme as at 1 January 2025 and 31 December 2025 were 120,000,000 and 120,000,000, respectively.

Pursuant to Rule 17.09(3) of the Listing Rules, the total number of share options available for grant under the Share Option Scheme as at 31 December 2025 was 120,000,000, representing approximately 8.16% of the ordinary shares of the Company at issue (excluding treasury shares) as at the date of this annual report.

Pursuant to Rule 17.09(9) of the Listing Rules, as at 31 December 2025, the remaining life of the Share Option Scheme is approximately 3 years and 3 months.

EQUITY-LINKED AGREEMENTS

During the Reporting Period, save for the Share Option Scheme previously mentioned, the Company has not entered into any equity-linked agreements, and there did not subsist any equity-linked agreement entered into by the Company as at 31 December 2025.

NON-COMPETITION UNDERTAKING BY THE CONTROLLING SHAREHOLDERS

The Company has received annual confirmations from the controlling shareholders, Mr. Jin Guojun and Maximax, in respect of their compliance with the non-competition undertaking provided in favour of the Company. The independent non-executive Directors have reviewed the said undertaking and are of the view that Mr. Jin Guojun and Maximax have complied with the non-competition undertaking since the Listing Date up to the date of this report.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

None of the Directors has interests in business which competes or may compete with the Group's business.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

Save as disclosed in the section "Connected Transactions and Related Party Transactions" below, no contract of significance has been entered into among the Company or any of its subsidiaries and the controlling Shareholders or any of their respective subsidiaries during the Reporting Period.

CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2025 are set out in note 32 to the consolidated financial statements. The following related party transaction entered into during the year ended 31 December 2025 constitutes connected transactions for the Company under the Listing Rules and are required to be disclosed in this annual report in accordance with Chapter 14A of the Listing Rules:

Lease Agreement

On 10 June 2025, Zhejiang Bonny Fashion Holding Group Co., Ltd. ("**Zhejiang Bonny**"), a subsidiary of the Company, entered into the lease agreement with Zhejiang Hongliu Environment Technology Co., Ltd.* (浙江洪流環境科技有限公司) ("**Zhejiang Hongliu**"), a company indirectly wholly owned by Mr. Jin Bo, pursuant to which Zhejiang Hongliu, as lessor, agreed to lease to Zhejiang Bonny, as lessee, a factory with a gross floor area of 2,500 sq.m. for use as a dyeing factory (the "**Factory**") for a term of three years commencing from 1 December 2025 and ending on 30 November 2028 (the "**Lease Agreement**").

The monthly rent of the Factory is RMB125,000, and the monthly management fee of the Factory is RMB5,000. The Factory is being used as printing and dyeing factory of the Group.

Zhejiang Hongliu is a company established in the PRC with limited liability and is wholly-owned by Hong Kong Bo De Trade Co., Limited (香港柏德貿易有限公司), which is wholly-owned by Newpoly Holding Corporation, a wholly-owned company of Mr. Jin Bo. As Zhejiang Hongliu is indirectly wholly-owned by Mr. Jin Bo, who is the son of Mr. Jin Guojun, the controlling shareholder of the Company, Zhejiang Hongliu is a connected person of the Company. Accordingly, the lease of the Factory contemplated under the Lease Agreement constitutes a one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

Relevant details of the Lease Agreement and the transactions contemplated thereunder are set out in the announcement dated 10 June 2025.

Save as disclosed above, the related party transactions set out in Note 32 constitute connected transactions under Chapter 14A of the Listing Rules and are fully exempt from the disclosure requirements pursuant to the exemption provisions under Chapter 14A of the Listing Rules.

During the year ended 31 December 2025, the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

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.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's revenue and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

	Percentage of the Group's total	
	Revenue	Purchases
The largest customer	27.0%	N/A
The five largest customers in aggregate	60.9%	N/A
The largest supplier	N/A	9.9%
The five largest suppliers in aggregate	N/A	39.9%

During the Reporting Period, none of the Directors or any of their close associates or any shareholders of the Company which, to the knowledge of the Directors, owns more than 5% of the Company's issued share capital, had interest in any of the five largest suppliers or customers.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that for anytime for the Reporting Period and up to the date of this report, at least 25% of the total issued share capital (the minimum public float percentage required by the Stock Exchange and the Listing Rules) of the Company was held by the public.

PERMITTED INDEMNITY PROVISION

The Articles provides that every Director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she may sustain or incur by the execution of his/her duty, provided that the indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons. The Company has arranged appropriate directors liability insurance in respect of legal action against any Directors.

TAX RELIEF

The Directors are not aware of any relief from taxation available to the shareholders of the Company by reason of their holding of the shares of the Company.

PROFESSIONAL TAX ADVICE

If the shareholders of the Company are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the shares of the Company, they are advised to consult an expert.

AUDITOR

The consolidated financial statements for the Reporting Period have been audited by Ernst & Young. A resolution to re-appoint the retiring auditor, Ernst & Young, is to be proposed at the forthcoming AGM of the Company. The Company has not changed its external auditor in the past three years.

ON BEHALF OF THE BOARD

Jin Guojun
Chairman

Zhejiang, PRC, 27 March 2026

Independent Auditor's Report



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道 979 號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

Independent auditor's report

To the shareholders of Bonny International Holding Limited

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Bonny International Holding Limited (the **"Company"**) and its subsidiaries (the **"Group"**) set out on pages 90 to 173, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of 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 material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (**"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. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of 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, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
------------------	--

Impairment of inventories

As at 31 December 2025, the Group's net carrying value of inventories amounted to RMB62,775,000, after netting off a provision of impairment of RMB13,397,000, which represented 10.1% of the Group's total assets.

The Group's inventories are carried at the lower of cost and net realisable value which requires management's significant estimation of the net realisable value of inventories based on the historical experience, current market condition, customer demands and fashion trends, expected selling prices and estimated costs to sell, and requires management's significant judgements in determining the appropriate level of inventory provisions against identified surplus or obsolete items.

The accounting policies and disclosures for inventories are included in notes 2.4, 3 and 18 to the consolidated financial statements.

Our audit procedures included, but not limited to, the following:

- Obtaining an understanding of and evaluating the key controls that the Group has implemented to identify slow-moving and obsolete inventories;
- Observing the inventory count performed by management, conducting our own test counts on a sampling basis and assessing the physical condition of inventories at the end of the reporting period;
- Assessing, on a sampling basis, the ageing of inventories by checking the inventory receipt notes;
- Testing the computation of the inventory obsolescence level based on the mechanisms and other parameters applied in the Group's inventory provision policy;
- Assessing the subsequent or expected selling prices and estimated costs to sell by reviewing the historical costs incurred; and
- Inquiring of management of the current and future fashion trends and potential market condition and checking the subsequent consumption.

Key audit matter	How our audit addressed the key audit matter
------------------	--

Impairment of long-lived assets

As at 31 December 2025, the Group had long-lived assets of RMB224,345,000, before netting off an impairment provision of RMB3,397,000. Due to continued operational losses, management performed an impairment assessment of various cash-generating units (“CGUs”) by comparing the carrying amounts of the CGUs with the recoverable amounts, which were the higher of the value in use and the fair value less costs of disposal, and allocated the impairment provision to reduce the carrying amount of individual assets of the CGUs if the carrying amount of the respective CGU exceeded the recoverable amount.

Significant judgement was involved in the assessment of assumptions used in the calculation of the recoverable amounts of the CGUs, including an estimate of budgeted revenue, the budgeted gross margin, the future cash flows, expectations about possible variations in the amount or timing of those future cash flows and the time value of money.

The accounting policies and disclosures for impairment of long-lived assets are included in notes 2.4, 3 and 13 to the consolidated financial statements.

Our audit procedures included, but not limited to, the following:

- Discussing with management to obtain an understanding of management's process for identifying impairment indicators, and considering management's assessment of impairment;
- Assessing the identification and allocation of the CGUs;
- Evaluating the objectivity, competence and capabilities of the external specialists engaged by management and reviewing their valuation reports, including the key assumptions used in determining the fair value of the property, plant and equipment;
- Reviewing and testing management's future forecasted cash flows and key assumptions by comparing them to the Group's development plan and external forecasts and analysis of the industry;
- Involving our internal valuation specialists to assist us in evaluating the methodology and certain key assumptions used in the valuation; and
- Reviewing the related disclosures in the financial statements.

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than 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 the directors 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 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.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities 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. Our 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.

Independent Auditor's 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the 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 the Audit Committee 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 the Audit Committee 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 the Audit Committee, 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.

The engagement partner on the audit resulting in this independent auditor's report is Hooi Wan Yee (practising certificate number: P07668).

Ernst & Young

Certified Public Accountants

Hong Kong

27 March 2026

Consolidated Statement of Profit or Loss

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	5	231,839	266,737
Cost of sales		(164,673)	(187,873)
Gross profit		67,166	78,864
Other income and gains	5	22,215	20,750
Selling and distribution expenses		(40,390)	(41,502)
Administrative expenses		(32,203)	(30,966)
Impairment losses on financial assets, net		(112)	(967)
Other expenses		(14,664)	(19,757)
Fair value changes in investment properties		(51,800)	(16,080)
Finance costs	7	(6,742)	(7,007)
LOSS BEFORE TAX	6	(56,530)	(16,665)
Income tax expense	10	(264)	(68)
LOSS FOR THE YEAR		(56,794)	(16,733)
Attributable to:			
Owners of the parent		(56,793)	(16,731)
Non-controlling interests		(1)	(2)
		(56,794)	(16,733)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic and diluted		RMB(3.9 cents)	RMB(1.3 cents)

Consolidated Statement of Comprehensive Income

Year ended 31 December 2025

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

Consolidated Statement of Financial Position

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	190,127	192,466
Advance payments for property, plant and equipment		1,422	999
Investment properties	14	257,159	268,103
Right-of-use assets	15	29,910	27,970
Intangible assets	16	911	142
Equity investments designated at fair value through other comprehensive income	17	150	150
Total non-current assets		479,679	489,830
CURRENT ASSETS			
Inventories	18	62,775	91,593
Trade receivables	19	40,189	45,720
Prepayments, other receivables and other assets	20	18,501	9,914
Financial assets at fair value through profit or loss	21	620	—
Cash and cash equivalents	22	20,423	7,667
Due from related parties	32(c)	820	80
Total current assets		143,328	154,974
CURRENT LIABILITIES			
Trade payables	23	25,169	32,318
Other payables and accruals	24	53,269	65,389
Interest-bearing bank and other borrowings	25	138,056	111,933
Tax payable		510	265
Due to related parties	32(c)	—	4,830
Total current liabilities		217,004	214,735

Consolidated Statement of Financial Position

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
NET CURRENT LIABILITIES		(73,676)	(59,761)
TOTAL ASSETS LESS CURRENT LIABILITIES		406,003	430,069
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	25	89,418	55,944
Deferred tax liabilities	26	18,589	18,589
Total non-current liabilities		108,007	74,533
Net assets		297,996	355,536
EQUITY			
Equity attributable to owners of the parent			
Share capital	27	100,114	100,114
Share premium	27	245,106	245,106
Other reserves	28	(48,346)	9,193
		296,874	354,413
Non-controlling interests		1,122	1,123
Total equity		297,996	355,536

Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Attributable to owners of the parent									
	Share capital	Share premium	Capital reserve*	Statutory surplus reserve*	Exchange fluctuation reserve*	Asset revaluation reserve**	Accumulated losses*	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	80,827	205,242	(42,112)	19,658	9,434	105,341	(66,838)	311,552	1,125	312,677
Loss for the year	—	—	—	—	—	—	(16,731)	(16,731)	(2)	(16,733)
Other comprehensive income for the year:										
Exchange differences on translation from functional currency to presentation currency	—	—	—	—	441	—	—	441	—	441
Total comprehensive loss for the year	—	—	—	—	441	—	(16,731)	(16,290)	(2)	(16,292)
Issue of shares	19,287	41,316	—	—	—	—	—	60,603	—	60,603
Share issue expenses	—	(1,452)	—	—	—	—	—	(1,452)	—	(1,452)
At 31 December 2024	100,114	245,106	(42,112)	19,658	9,875	105,341	(83,569)	354,413	1,123	355,536

	Attributable to owners of the parent								Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve*	Statutory surplus reserve*	Exchange fluctuation reserve*	Asset revaluation reserve**	Accumulated losses*	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At 1 January 2025	100,114	245,106	(42,112)	19,658	9,875	105,341	(83,569)	354,413	1,123	355,536
Loss for the year	—	—	—	—	—	—	(56,793)	(56,793)	(1)	(56,794)
Other comprehensive income for the year:										
Exchange differences on translation from functional currency to presentation currency	—	—	—	—	(746)	—	—	(746)	—	(746)
Total comprehensive loss for the year	—	—	—	—	(746)	—	(56,793)	(57,539)	(1)	(57,540)
At 31 December 2025	100,114	245,106	(42,112)	19,658	9,129	105,341	(140,362)	296,874	1,122	297,996

* These reserve accounts comprise the consolidated negative reserves of RMB48,346,000 (2024: the consolidated other reserves of RMB9,193,000) in the consolidated statement of financial position.

The asset revaluation reserve arose from a change in use from owner-occupied properties to investment properties.

Consolidated Statement of Cash Flows

Year ended 31 December 2025

		2025 RMB'000	2024 RMB'000
	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(56,530)	(16,665)
Adjustments for:			
Loss on disposal of items of property, plant and equipment	6	310	833
Finance costs	7	6,742	7,007
Depreciation of property, plant and equipment	13	10,105	10,752
Impairment of property, plant and equipment	13	—	350
Changes in fair value of investment properties	14	51,800	16,080
Depreciation of right-of-use assets	15	4,566	4,531
Amortisation of intangible assets	16	175	157
Reversal of impairment losses of inventories	18	(1,116)	(2,922)
Impairment of trade receivables and other receivables		112	967
Loss on debt restructuring		511	—
Foreign exchange differences, net		(713)	474
		15,962	21,564
Decrease/(increase) in inventories		29,934	(5,304)
Decrease/(increase) in trade receivables		4,334	(12,699)
Increase in prepayments, other receivables and other assets		(8,633)	(2,286)
Increase in amounts due from related parties		(740)	(31)
(Decrease)/increase in trade payables		(7,149)	1,578
(Decrease)/increase in other payables and accruals		(2,525)	7,632
Decrease in amounts due to related parties		(30)	(5,151)
Cash generated from operations		31,153	5,303
Income tax paid		(19)	(89)
Net cash flows from operating activities		31,134	5,214

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
Net cash flows from operating activities		31,134	5,214
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(57,081)	(61,788)
Additions to other intangible assets		(944)	—
Proceeds from disposal of items of property, plant and equipment		342	4,162
Net cash flows used in investing activities		(57,683)	(57,626)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		—	60,603
Share issue expenses		—	(1,452)
New bank loans		174,600	286,739
Repayment of bank loans		(113,900)	(255,000)
Proceeds from other borrowings from a related party		51,620	63,800
Repayment of other borrowings from a related party		(56,420)	(85,870)
Principal portion of lease payments		(7,664)	(5,355)
Interest paid		(8,896)	(7,041)
Net cash flows from financing activities		39,340	56,424
NET INCREASE IN CASH AND CASH EQUIVALENTS		12,791	4,012
Cash and cash equivalents at beginning of year		7,667	3,649
Effect of foreign exchange rate changes, net		(35)	6
CASH AND CASH EQUIVALENTS AT END OF YEAR		20,423	7,667
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	22	20,423	7,667

1. CORPORATE AND GROUP INFORMATION

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

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

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Place and date of incorporation/ registration and place of business	Nominal value of issued shares/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Hongkong Bonny Limited (" Bonny HK ")	Hong Kong 4 September 2017	HKD10 thousand	100	—	Investment holding and trading of brassieres, panties and thermal underwear
Hong Kong Bonny Fashion Limited (" Bonny Fashion HK ")	Hong Kong 19 June 2017	HKD10 thousand	100	—	Dormant
Zhejiang Bonny Fashion Holding Group Co., Ltd. (" Zhejiang Bonny ") *	PRC/ Chinese mainland 21 August 2001	RMB258 million	—	100	Manufacture and trade of brassieres, panties, thermal underwear and functional sportswear
Shanghai Bonny Apparel Co., Ltd. (" Shanghai Bonny ") *	PRC/ Chinese mainland 29 December 2007	RMB1 million	—	100	Trade of brassieres, panties and thermal underwear
Yiwu Bonny E-Commerce Co., Ltd. (" Yiwu Bonny ") *	PRC/ Chinese mainland 16 May 2016	RMB12 million	—	70	Trade of brassieres, panties and thermal underwear
Yiwu Leyishang Apparel Co., Ltd. (" Yiwu Leyishang ") *	PRC/ Chinese mainland 10 March 2016	RMB6 million	—	100	Trade of brassieres, panties and thermal underwear
Yiwu Fayue Apparel Co., Ltd. (" Yiwu Fayue ") *	PRC/ Chinese mainland 26 May 2017	RMB1 million	—	100	Trade of brassieres, panties and thermal underwear

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's subsidiaries are as follows: (continued)

Name	Place and date of incorporation/ registration and place of business	Nominal value of issued shares/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Bonny USA Ltd. (" Bonny USA ") **	United States of America (" USA ")/ New York 15 May 2019	N/A	—	100	Trade of brassieres, panties and thermal underwear
Yiwu Bonny Fashion Apparel Co., Ltd. (" Yiwu Bonny Fashion ") *	PRC/ Chinese mainland 12 July 2021	RMB 2 million	—	100	Manufacture of brassieres, panties and thermal underwear
Yiwu Bonny Trading Co., Ltd. (" Bonny Trading ") *	PRC/ Chinese mainland 28 March 2025	RMB1 million	—	100	Trade of raw materials
Yiwu Baien Supplier Service Co., Ltd. (" Baien Supplier ")*	PRC/ Chinese mainland 24 December 2015	RMB 5 million	—	100	Trade of brassieres, panties and thermal underwear

* These entities are limited liability enterprises established under PRC law.

** The entity is a limited liability enterprise established under USA law.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

2.1 BASIS OF PREPARATION (continued)

Going concern assumption

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

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

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

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

Basis of consolidation

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

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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

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

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

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

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

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

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

³ No mandatory effective date yet determined but available for adoption

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards or IFRS Accounting Standards. HKFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of HKFRS 19 and its amendments in their specified financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

Amendments to HKAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of HKAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- **HKFRS 7 *Financial Instruments: Disclosures*:** The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKFRS 9 *Financial Instruments*:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKFRS 10 *Consolidated Financial Statements*:** The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKAS 7 *Statement of Cash Flows*:** The amendments replace the term “cost method” with “at cost” in paragraph 37 of HKAS 7 following the prior deletion of the definition of “cost method”. Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Fair value measurement

The Group measures its investment properties and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and 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 a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (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;
 - (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 parent of the entity); and
 - (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 parent of the Group.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any 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.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates or estimated useful life used for this purpose are as follows:

Buildings	3 $\frac{1}{3}$ %
Machinery and equipment	10%
Motor vehicles	20%
Computer and office equipment	10% to 20%
Leasehold improvements	Over the shorter of the lease terms and 2 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under “Property, plant and equipment and depreciation” for owned property and/or accounts for such property in accordance with the policy stated under “Right-of-use assets” for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with HKAS 16 *Property, Plant and Equipment*.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. 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.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.4 MATERIAL ACCOUNTING POLICIES (continued)**Leases** (continued)**Group as a lessee** (continued)*(a) Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years
Machinery	10 years
Retail shops and office properties	1 to 3 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest-bearing bank and other borrowings.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of operating leases (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to operating leases that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“**SPPI**”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement (continued)

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial assets (continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“**ECLs**”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group 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.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, amounts due to related parties and interest-bearing bank and other borrowings.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

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 for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, 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; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, 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; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(a) Sale of goods

The Group is mainly engaged in the sale of products of brassieres, panties and thermal underwear via distributors, partnership, a chain of concessionary counters and retail stores and over third-party online retail platforms such as Tmall.com. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods or upon confirmation of receipt of the goods.

Some contracts for the sale of goods provide customers with rights of return, giving rise to variable consideration.

(i) Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in HKFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Employee benefits

Pension scheme

The Group participates in the national pension scheme as defined by the laws of the countries in which it has operations.

The subsidiaries established and operating in the Chinese mainland are required to provide certain staff pension benefits to their employees under existing regulations of the PRC. Pension scheme contributions are provided at rates stipulated by PRC regulations and are made to a pension fund managed by government agencies, which are responsible for administering the contributions for the subsidiaries' employees.

Contributions made to the government retirement benefit fund under defined contribution retirement plans are charged to the statement of profit or loss as incurred.

Borrowing costs

Borrowing costs 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. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

The functional currency of the Company is Hong Kong dollar ("HKD"). As the major revenues and assets of the Group are derived from operations in the Chinese mainland, RMB is chosen as the presentation currency to present the financial statements. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of the initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies. The amount of unrecognised tax losses at 31 December 2025 was RMB204,427,000 (2024: RMB178,850,000). Further details are contained in note 26 to the financial statements.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance). The Group specifically assesses debtor's credit and financial position to calculate ECLs for other receivables.

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Provision for expected credit losses on trade receivables and other receivables (continued)

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and other receivables is disclosed in note 19 and note 20 to the financial statements, respectively.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. As at 31 December 2025, the provision for impairment of property, plant and equipment amounted to RMB3,397,000 (2024: RMB3,527,000).

Estimation of fair value of investment properties

Investment properties carried at fair value, were revalued at the end of each reporting period based on the appraised market value provided by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)**Estimation uncertainty** (continued)**Estimation of fair value of investment properties** (continued)

The principal assumptions for the Group's estimation of the fair value include those related to estimated rental values with reference to the current market rents for similar properties in the same location and condition, appropriate capitalisation rates and expected profit margin. The carrying amount of investment properties at 31 December 2025 was RMB257,159,000 (2024: RMB268,103,000). Further details are contained in note 14 to the financial statements.

Impairment of inventories

The Group manufactures and sells goods which are affected by the change in consumer demands and fashion trends. As a result, it is necessary to consider the recoverability of the cost of inventories and the associated provision required. When calculating the inventory provision, management considers current market condition, customer demands, fashion trends and the nature and condition of the inventory, as well as applying assumptions around anticipated sales of finished goods and future usage of raw materials.

4. OPERATING SEGMENT INFORMATION

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

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

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

Year ended 31 December 2025	ODM products RMB'000	Brand products RMB'000	Total RMB'000
Segment revenue (note 5)			
Sales to external customers	198,472	33,367	231,839
Segment results	39,390	(12,614)	26,776
Other income and gains			22,215
Corporate and other unallocated expenses			(98,779)
Finance costs			(6,742)
Loss before tax			(56,530)

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2025	ODM products RMB'000	Brand products RMB'000	Total RMB'000
Other segment information			
Impairment losses recognised/ (reversal of impairment losses) in the statement of profit or loss, net	1,307	(2,311)	(1,004)
Depreciation and amortisation	14,462	384	14,846
Capital expenditure*	13,986	28	14,014

Year ended 31 December 2024	ODM products RMB'000	Brand products RMB'000	Total RMB'000
Segment revenue (note 5)			
Sales to external customers	230,838	35,899	266,737
Segment results	55,797	(18,435)	37,362
Other income and gains			20,750
Corporate and other unallocated expenses			(67,770)
Finance costs			(7,007)
Loss before tax			(16,665)

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

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

4. OPERATING SEGMENT INFORMATION (continued)**Geographical information****(a) Revenue from external customers**

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

The revenue information above is based on the shipment destinations.

(b) Non-current assets

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

Information about major customers

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

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

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

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

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

Revenue from contracts with customers

(a) Disaggregated revenue information

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

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

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

(b) Performance obligations

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

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

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

5. REVENUE, OTHER INCOME AND GAINS (continued)**Revenue from contracts with customers** (continued)**(b) Performance obligations** (continued)

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

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

An analysis of other income and gains is as follows:

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

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

6. LOSS BEFORE TAX

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

	Notes	2025 RMB'000	2024 RMB'000
Cost of inventories sold*		164,673	187,873
Depreciation of property, plant and equipment	13	10,105	10,752
Depreciation of right-of-use assets	15	4,566	4,531
Amortisation of intangible assets**	16	175	157
Research and development costs***		13,331	18,325
Lease payments not included in the measurement of lease liabilities	15(c)	495	435
Government grants		(1,808)	(1,650)
Auditor's remuneration		1,730	1,766
Outsourced manufacturers		3,021	21,273
Employee benefit expense (excluding directors' and chief executive's remuneration <i>note (8)</i>)			
Wages and salaries		62,663	74,168
Pension scheme contributions****		6,262	6,171
Staff welfare expenses		732	862
Total		69,657	81,201
Concession fees		6,147	6,139
Foreign exchange differences, net		(666)	(1,120)
Impairment of financial assets, net:			
Impairment of trade receivables, net	19	66	762
Impairment of financial assets included in prepayments, other receivables and other assets	20	46	205
Total		112	967

Notes to Financial Statements

31 December 2025

6. LOSS BEFORE TAX (continued)

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

	Notes	2025 RMB'000	2024 RMB'000
Reversal of impairment of inventories, net	18	(1,116)	(2,922)
Impairment of property, plant and equipment*****	13	—	350
Changes in fair value of investment properties	14	51,800	16,080
Gross rental income from investment property operating leases	5	(18,446)	(17,326)
Bank interest income	5	(99)	(100)
Loss on disposal of items of property, plant and equipment		310	833

* The cost of inventories sold includes RMB41,477,000 (2024: RMB46,634,000) relating to staff cost, depreciation of property, plant and equipment, depreciation of right-of-use assets, amortisation of intangible assets and reversal of impairment of inventories for the year ended 31 December 2025, which are also included in the respective total amounts disclosed above for each type of expenses.

** The amortisation of intangible assets is included in "Administrative expenses" in the consolidated statement of profit or loss.

*** The research and development costs include RMB9,611,000 (2024: RMB11,501,000) relating to staff cost, depreciation of property, plant and equipment and amortisation of intangible assets for the year ended 31 December 2025, which are also included in the respective total amounts disclosed above for each type of expenses.

**** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

***** The impairment of property, plant and equipment is included in "Other expenses" in the consolidated statement of profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

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

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 RMB'000	2024 RMB'000
Fees	336	333
Other emoluments:		
Salaries, allowances and benefits in kind	1,455	1,437
Performance related bonuses	67	56
Pension scheme contributions	53	78
Subtotal	1,575	1,571
Total	1,911	1,904

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)**(a) Independent non-executive directors**

The fees paid to independent non-executive directors during the year were as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Mr. Chan Yin Tsung	166	164
Mr. Chow Chi Hang Tony	110	109
Dr. Wei Zhongzhe	60	60
Total	336	333

There were no other emoluments payable to the independent non-executive directors during the year (2024: nil).

(b) Executive directors and non-executive directors

2025	Salaries, allowances and benefits in kind <i>RMB'000</i>	Performance related bonuses <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
Executive directors:				
Mr. Jin Guojun*	678	48	13	739
Mr. Zhao Hui	355	—	18	373
Subtotal	1,033	48	31	1,112
Non-executive directors:				
Ms. Gong Lijin	327	19	13	359
Ms. Huang Jingyi	95	—	9	104
Subtotal	422	19	22	463
Total	1,455	67	53	1,575

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)**(b) Executive directors and non-executive directors** (continued)

2024	Salaries, allowances and benefits in kind <i>RMB'000</i>	Performance related bonuses <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
Executive directors:				
Mr. Jin Guojun*	605	38	28	671
Mr. Zhao Hui	379	—	19	398
Subtotal	984	38	47	1,069
Non-executive directors:				
Ms. Gong Lijin	349	18	23	390
Ms. Huang Jingyi	104	—	8	112
Subtotal	453	18	31	502
Total	1,437	56	78	1,571

* Mr. Jin Guojun is also the chief executive of the Company.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (2024: three directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining two (2024: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	2,070	2,059
Pension scheme contributions	8	8
Total	2,078	2,067

The numbers of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2025	2024
Nil to HKD1,000,000	1	1
HKD1,500,001 to HKD2,000,000	1	1
Total	2	2

10. INCOME TAX

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

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

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

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

10. INCOME TAX (continued)

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

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

	2025 RMB'000	2024 RMB'000
Current		
Charge for the year	264	68

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

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

11. DIVIDENDS

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

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

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

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

The calculation of basic loss per share is based on:

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

13. PROPERTY, PLANT AND EQUIPMENT

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

Notes to Financial Statements

31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT (continued)

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

As at 31 December 2025, certain of the Group's buildings and machinery and equipment with a net carrying value of approximately RMB164,938,000 (2024: RMB171,164,000) were pledged to secure general banking facilities granted to the Group (note 25).

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

14. INVESTMENT PROPERTIES

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

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

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

At 31 December 2025, the Group's investment properties with a carrying value of RMB257,159,000 (2024: RMB268,103,000) were pledged to secure general banking facilities granted to the Group (note 25).

Fair value hierarchy

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

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

14. INVESTMENT PROPERTIES (continued)**Fair value hierarchy** (continued)

	Fair value measurement as at 31 December 2024 using			Total <i>RMB'000</i>
	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	

Recurring fair value

measurement for:

Industrial properties

—	—	268,103	268,103
---	---	---------	---------

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

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

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

14. INVESTMENT PROPERTIES (continued)

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

As at 31 December 2025:

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

As at 31 December 2024:

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

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

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

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of retail shops and office properties generally have lease terms between 1 and 3 years. Other operating leases generally have lease terms of 12 months or less and/or are individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land RMB'000	Retail shops, and office properties RMB'000	Machinery RMB'000	Total RMB'000
As at 1 January 2024	21,408	3,443	—	24,851
Additions	—	4,174	3,477	7,651
Depreciation charge	(532)	(3,790)	(209)	(4,531)
Exchange realignment	—	(1)	—	(1)
As at 31 December 2024 and 1 January 2025	20,876	3,826	3,268	27,970
Additions	—	6,535	—	6,535
Depreciation charge	(532)	(3,721)	(313)	(4,566)
Exchange realignment	—	(29)	—	(29)
As at 31 December 2025	20,344	6,611	2,955	29,910

At 31 December 2025, the Group's leasehold land with a net carrying value of RMB20,344,000 (2024: RMB20,876,000) was pledged to secure general banking facilities granted to the Group (note 25).

15. LEASES (continued)**The Group as a lessee** (continued)**(b) Lease liabilities**

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the year are as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	6,921	4,587
New leases	6,535	7,651
Accretion of interest recognised during the year	247	282
Payments	(7,911)	(5,637)
Exchange realignment	(31)	38
Carrying amount at 31 December	5,761	6,921
Analysed into:		
Current portion	3,882	4,716
Non-current portion	1,879	2,205

The maturity analysis of lease liabilities is disclosed in note 35 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	247	282
Depreciation charge of right-of-use assets	4,566	4,531
Expense relating to short-term leases	495	435
Total amount recognised in profit or loss	5,308	5,248

Notes to Financial Statements

31 December 2025

15. LEASES (continued)

The Group as a lessor

The Group leases its investment properties (note 14) consisting of industrial properties in the Chinese mainland under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB18,446,000 (2024: RMB17,326,000), details of which are included in note 5 to the financial statements.

At 31 December 2025, the undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

	2025 RMB'000	2024 RMB'000
Within one year	11,189	6,599
After one year but within two years	6,086	5,695
After two years but within three years	2,975	614
After three years but within four years	1,116	—
Total	21,366	12,908

16. INTANGIBLE ASSETS

	Trademarks RMB'000	Patents and licences RMB'000	Software RMB'000	Total RMB'000
31 December 2025				
Cost at 1 January 2025, net of accumulated amortisation	—	10	132	142
Additions	—	—	944	944
Amortisation provided during the year	—	(9)	(166)	(175)
At 31 December 2025	—	1	910	911
At 31 December 2025:				
Cost	252	580	7,659	8,491
Accumulated amortisation	(252)	(579)	(6,749)	(7,580)
Net carrying amount	—	1	910	911

	Trademarks RMB'000	Patents and licences RMB'000	Software RMB'000	Total RMB'000
--	-----------------------	------------------------------------	---------------------	------------------

31 December 2024

Cost at 1 January 2024, net of accumulated amortisation	—	28	271	299
Amortisation provided during the year	—	(18)	(139)	(157)
At 31 December 2024	—	10	132	142
At 31 December 2024:				
Cost	252	580	6,716	7,548
Accumulated amortisation	(252)	(570)	(6,584)	(7,406)
Net carrying amount	—	10	132	142

17. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
Equity investments designated at fair value through other comprehensive income		
Unlisted equity investments, at fair value		
Hangzhou Shangxi Brand Management Co., Ltd.	150	150

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

18. INVENTORIES

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

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

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

19. TRADE RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	42,723	48,188
Impairment	(2,534)	(2,468)
Net carrying amount	40,189	45,720

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

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

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

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

	2025 RMB'000	2024 RMB'000
At beginning of year	2,468	1,875
Impairment losses, net (<i>note 6</i>)	66	762
Amount written off as uncollectible	—	(169)
At end of year	2,534	2,468

19. TRADE RECEIVABLES (continued)

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

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

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

19. TRADE RECEIVABLES (continued)

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

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

Notes to Financial Statements

31 December 2025

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

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

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

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

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

21. FINANCIAL ASSETS AT FAIR VALUE THROUGHT PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Listed equity investments, at fair value	620	—

The above equity investments were classified as financial assets at fair value through profit or loss as they were held for trading.

22. CASH AND CASH EQUIVALENTS

	2025 RMB'000	2024 RMB'000
Cash and bank balances	20,423	7,667
Denominated in RMB	18,090	6,962
Denominated in United States dollars ("USD")	2,254	343
Denominated in Hong Kong dollars ("HKD")	77	361
Denominated in Euro ("EUR")	2	1
Cash and bank balances	20,423	7,667

The RMB is not freely convertible into other currencies, however, under the Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

23. TRADE PAYABLES

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

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

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

Notes to Financial Statements

31 December 2025

24. OTHER PAYABLES AND ACCRUALS

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

Notes:

(a) Details of contract liabilities are as follows:

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

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

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

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2025			2024		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Lease liabilities (note 15(b))	4.75	2026	3,882	4.75	2025	4,716
Bank loans - secured	2.50-3.95	2026	119,238	4.15	2025	99,126
Current portion of long term bank loans - secured	4.65	2026	14,936	4.85	2025	8,091
Total - current			138,056			111,933
Non-current						
Lease liabilities (note 15(b))	4.75	2027-2028	1,879	4.75	2026-2027	2,205
Bank loans - secured	4.60-4.65	2027-2034	87,539	4.85	2026-2030	53,739
Total - non-current			89,418			55,944
Total			227,474			167,877

	2025 RMB'000	2024 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	134,174	107,217
In the second year	14,900	8,000
In the third to fifth years, inclusive	48,700	26,000
Beyond five years	23,939	19,739
Subtotal	221,713	160,956
Other borrowings repayable:		
Within one year	3,882	4,716
In the second year	1,879	1,913
In the third to fifth years, inclusive	—	292
Subtotal	5,761	6,921
Total	227,474	167,877

Notes to Financial Statements

31 December 2025

25. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Notes:

- (a) Certain of the Group's bank loans are secured by:
- (i) the Group's buildings and machinery and equipment situated in the Chinese mainland, which had a net carrying value of RMB164,938,000 as at 31 December 2025 (2024: RMB171,164,000) (note 13);
 - (ii) the Group's investment properties situated in the Chinese mainland, which had a carrying value of RMB257,159,000 as at 31 December 2025 (2024: RMB268,103,000) (note 14); and
 - (iii) the Group's leasehold land situated in the Chinese mainland, which had a net carrying value of RMB20,344,000 as at 31 December 2025 (2024: RMB20,876,000) (note 15).
- (b) Mr. Jin Guojun and Ms. Gong Lijin, the chairman and his wife, have guaranteed certain of the Group's bank loans of up to RMB250,000,000 as at 31 December 2025 (2024: RMB250,000,000).
- (c) Ms. Huang Jingyi, the non-executive director, has guaranteed certain of the Group's bank loans of up to RMB200,000,000 as at 31 December 2025 (2024: RMB200,000,000).

26. DEFERRED TAX

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

Deferred tax liabilities

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

26. DEFERRED TAX (continued)

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

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

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

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

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

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

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

Notes to Financial Statements

31 December 2025

26. DEFERRED TAX (continued)

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

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

27. SHARE CAPITAL

Shares

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

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

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

Note:

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

28. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 94 of the financial statements.

Capital reserve

The capital reserve of the Group represents the paid-up capital of the companies comprising the Group prior to the incorporation of the Company and the reserve arising pursuant to the business combination. Details of the movements in the capital reserve are set out in the consolidated statement of changes in equity.

Statutory surplus reserve

In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserves may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

Exchange fluctuation reserve

The exchange fluctuation reserve comprises all relevant exchange differences arising from the translation of the financial statements of foreign operations.

Asset revaluation reserve

The asset revaluation reserve arises from a change in use from an owner-occupied property to an investment property measured at fair value.

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB6,535,000 (2024: RMB7,651,000) and RMB6,535,000 (2024: RMB7,651,000), respectively, in respect of lease arrangements for retail shops and properties.

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(continued)

(b) Changes in liabilities arising from financing activities**2025**

	Bank and other loans <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Due to a related party <i>RMB'000</i>	Interest payable <i>RMB'000</i>
At 1 January 2025	160,956	6,921	4,800	—
Changes from financing cash flows	52,051	(7,911)	(4,800)	—
New leases	—	6,535	—	—
Interest expense	8,706	247	—	—
Exchange realignment	—	(31)	—	—
At 31 December 2025	221,713	5,761	—	—

2024

	Bank and other loans <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Due to a related party <i>RMB'000</i>	Interest payable <i>RMB'000</i>
At 1 January 2024	129,000	4,587	26,870	182
Changes from financing cash flows	25,162	(5,637)	(22,070)	(182)
New leases	—	7,651	—	—
Interest expense	6,794	282	—	—
Exchange realignment	—	38	—	—
At 31 December 2024	160,956	6,921	4,800	—

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within operating activities	495	435
Within financing activities	7,911	5,637
Total	8,406	6,072

30. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank loans are included in notes 13, 14, 15 and 25, respectively, to the financial statements.

31. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Buildings	9,109	65,686

32. RELATED PARTY TRANSACTIONS

The Group's principal related parties are as follows:

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

Notes to Financial Statements

31 December 2025

32. RELATED PARTY TRANSACTIONS (continued)

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

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

Notes:

- (i) The Group rent certain properties from related parties used for the Group's daily operation. The amount represents leases payments, property management payments and deposits made related to the leases.
- (ii) The borrowings from Baicheng Trading are unsecured, non-interest-bearing and repayable on 31 March 2026.

(b) Other transactions with related parties:

- (i) Mr. Jin Guojun and Ms. Gong Lijin, the chairman and his wife, have guaranteed certain of the Group's bank loans of up to RMB250,000,000 as at 31 December 2025 (2024: RMB250,000,000).
- (ii) Ms. Huang Jingyi, the non-executive director, has guaranteed certain of the Group's bank loans of up to RMB200,000,000 as at 31 December 2025 (2024: RMB200,000,000).

32. RELATED PARTY TRANSACTIONS (continued)

(c) Outstanding balances with related parties:

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

Notes:

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

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

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

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2025

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		
	Mandatorily designated as such RMB'000	Equity investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade receivables	—	—	40,189	40,189
Financial assets included in prepayments, other receivables and other assets	—	—	6,813	6,813
Equity investments designated at fair value through other comprehensive income	—	150	—	150
Financial assets at fair value through profit or loss	620	—	—	620
Due from related parties	—	—	820	820
Cash and cash equivalents	—	—	20,423	20,423
Total	620	150	68,245	69,015

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables	25,169
Financial liabilities included in other payables and accruals	13,638
Interest-bearing bank and other borrowings	227,474
Total	266,281

33. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

2024**Financial assets**

	Financial assets at fair value through other comprehensive income		
	Equity investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade receivables	—	45,720	45,720
Financial assets included in prepayments, other receivables and other assets	—	6,484	6,484
Equity investments designated at fair value through other comprehensive income	150	—	150
Due from related parties	—	80	80
Cash and cash equivalents	—	7,667	7,667
Total	150	59,951	60,101

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables	32,318
Financial liabilities included in other payables and accruals	23,139
Interest-bearing bank and other borrowings	167,877
Due to related parties	4,830
Total	228,164

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, other receivables and other assets, trade payables, financial liabilities included in other payables and accruals, current portion of interest-bearing bank and other borrowings, amounts due from related parties and amounts due to related parties, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2025 were assessed to be insignificant.

The fair values of listed equity investments are based on quoted market prices. For the fair value of unlisted equity investments designated at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Equity investments designated at fair value through other comprehensive income	—	—	150	150
Financial assets at fair value through profit or loss	620	—	—	620
Total	620	—	150	770

As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Equity investments designated at fair value through other comprehensive income	—	—	150	150

Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at 31 December 2025 (2024: nil).

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

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, amounts due to the related parties, cash and cash equivalents and pledged deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales by operating units in currencies other than the units' functional currencies. Approximately 67% (2024: 69%) of the Group's sales were denominated in currencies other than the functional currencies of the operating units making the sale. At present, the Group does not intend to hedge its exposure to foreign exchange fluctuations. However, management constantly monitors the economic situation and the Group's foreign exchange risk profile and will consider appropriate hedging measures in the future should the need arise.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the USD and HKD exchange rates, with all other variables held constant, of the Group's profit before tax (arising from USD and HKD denominated financial instruments) and the Group's equity.

	Increase/ (decrease) in USD/HKD rate %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000
2025			
If RMB weakens against USD	5	1,570	1,335
If RMB strengthens against USD	(5)	(1,570)	(1,335)
If RMB weakens against HKD	5	4	3
If RMB strengthens against HKD	(5)	(4)	(3)
2024			
If RMB weakens against USD	5	1,441	1,225
If RMB strengthens against USD	(5)	(1,441)	(1,225)
If RMB weakens against HKD	5	18	15
If RMB strengthens against HKD	(5)	(18)	(15)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Credit risk**

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade receivables*	—	—	—	42,723	42,723
Financial assets included in prepayments, other receivables and other assets					
– Normal**	7,064	—	—	—	7,064
– Doubtful**	—	—	4,577	—	4,577
Due from related parties	820	—	—	—	820
Cash and cash equivalents					
– Not yet past due	20,423	—	—	—	20,423
Total	28,307	—	4,577	42,723	75,607

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Credit risk** (continued)**Maximum exposure and year-end staging** (continued)

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	—	—	—	48,188	48,188
Financial assets included in prepayments, other receivables and other assets					
– Normal**	6,689	—	—	—	6,689
– Doubtful**	—	—	4,577	—	4,577
Due from related parties	80	—	—	—	80
Cash and cash equivalents					
– Not yet past due	7,667	—	—	—	7,667
Total	14,436	—	4,577	48,188	67,201

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables are disclosed in note 19 to the financial statements.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group’s trade receivables are widely dispersed in different sectors and industries.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Liquidity risk**

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables and other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings, and lease liabilities.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2025					
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Lease liabilities	—	1,350	3,318	1,974	—	6,642
Interest-bearing bank and other borrowings (excluding lease liabilities)	—	2,241	145,060	83,212	24,663	255,176
Trade payables	11,558	13,611	—	—	—	25,169
Other payables and accruals	2,144	11,494	—	—	—	13,638
Total contractual undiscounted payments	13,702	28,696	148,378	85,186	24,663	300,625

	2024					
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Lease liabilities	—	1,380	3,635	2,221	—	7,236
Interest-bearing bank and other borrowings (excluding lease liabilities)	—	1,775	110,491	41,434	20,324	174,024
Trade payables	20,337	11,981	—	—	—	32,318
Due to related parties	30	4,800	—	—	—	4,830
Other payables and accruals	12,143	10,996	—	—	—	23,139
Total contractual undiscounted payments	32,510	30,932	114,126	43,655	20,324	241,547

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Capital management**

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 31 December 2024.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt includes interest-bearing bank and other borrowings, trade payables, other payables and accruals and amounts due to related parties, less cash and cash equivalents and pledged deposits. Total capital represents equity attributable to the owners of the parent. The gearing ratios as at the end of the reporting periods were as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest-bearing bank and other borrowings	227,474	167,877
Trade payables	25,169	32,318
Other payables and accruals	53,269	65,389
Due to related parties	—	4,830
Less: Cash and cash equivalents	(20,423)	(7,667)
Net debt	285,489	262,747
Equity attributable to owners of the parent	296,874	354,413
Capital and net debt	582,363	617,160
Gearing ratio	49%	43%

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS		
Investment in a subsidiary	8	8
Total non-current assets	8	8
CURRENT ASSETS		
Cash and cash equivalents	59	91
Prepayments, other receivables and other assets	—	190
Due from a subsidiary	377,545	386,759
Total current assets	377,604	387,040
CURRENT LIABILITIES		
Due to a subsidiary	8,872	8,783
Total current liabilities	8,872	8,783
NET CURRENT ASSETS	368,732	378,257
TOTAL ASSETS LESS CURRENT LIABILITIES	368,740	378,265
Net assets	368,740	378,265
EQUITY		
Share capital	100,114	100,114
Share premium	245,106	245,106
Other reserves (note)	23,520	33,045
Total equity	368,740	378,265

Notes to Financial Statements

31 December 2025

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Exchange fluctuation reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024	27,087	(1,915)	25,172
Profit for the year	—	175	175
Exchange differences on translation from functional currency to presentation currency	7,698	—	7,698
At 31 December 2024 and 1 January 2025	34,785	(1,740)	33,045
Loss for the year	—	(206)	(206)
Exchange differences on translation from functional currency to presentation currency	(9,319)	—	(9,319)
At 31 December 2025	25,466	(1,946)	23,520

37. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2026.