



GREATIME INTERNATIONAL HOLDINGS LIMITED

廣泰國際控股有限公司

(Incorporated in the British Virgin Islands with limited liability)

Stock Code: 844

2025 ANNUAL REPORT



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ANNUAL REPORT 2025

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Wang Bin
Mr. Du Shuwei
Mr. Shu Dakun

NON-EXECUTIVE DIRECTOR

Mr. Zhang Yanlin

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Xu Dunkai
Ms. Zhao Weihong
Mr. Zheng Bing

AUTHORISED REPRESENTATIVES

Mr. Shu Dakun
Mr. Lee Yin Sing

AUDIT COMMITTEE

Mr. Zheng Bing (Chairman)
Ms. Zhao Weihong
Mr. Xu Dunkai

REMUNERATION COMMITTEE

Mr. Xu Dunkai (Chairman)
Mr. Shu Dakun
Mr. Zheng Bing

NOMINATION COMMITTEE

Mr. Wang Bin (Chairman)
Ms. Zhao Weihong
Mr. Zheng Bing

COMPANY SECRETARY

Mr. Lee Yin Sing, CPA

AUDITORS

SHINEWING (HK) CPA Limited

LEGAL ADVISER

As to Hong Kong law:
Loeb & Loeb LLP

REGISTERED OFFICE

P.O. Box 3340
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Tortola
British Virgin Islands

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PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Shandong Province
The PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE BVI

Tricor Services (BVI) Limited
P.O. Box 3340, Road Town, Tortola
British Virgin Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
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PRINCIPAL BANKER

Industrial and Commercial Bank of China,
Zhucheng sub-branch
The Hongkong and Shanghai Banking
Corporation Limited

LISTING INFORMATION

Place of listing: Main Board of
The Stock Exchange of Hong Kong Limited
Stock Code: 844

COMPANY'S WEBSITE

www.greatimeintl.com

FINANCIAL HIGHLIGHTS

KEY FINANCIAL INFORMATION FOR THE LAST FIVE YEARS

	For the year ended 31 December/As at 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Key Financial Information					
Revenue	434,047	486,697	508,622	469,044	430,989
Gross profit	85,308	104,150	105,449	96,693	77,475
(Loss) profit before tax	(95,902)	(13,003)	(2,311)	6,263	(11,850)
(Loss) profit for the year	(95,156)	(20,308)	(9,664)	(156)	(14,255)
Total comprehensive (expense) income for the year	(97,795)	(18,307)	(8,151)	(3,270)	(26,533)
Non-current assets	137,197	203,151	212,241	164,162	185,352
Current assets	383,401	409,085	407,694	341,935	292,464
Current liabilities	354,160	346,301	331,238	234,610	205,455
Net current assets	29,241	62,784	76,456	107,325	87,009
Total assets	520,598	612,236	619,935	506,097	477,816
Total assets less current liabilities	166,438	265,935	288,697	271,487	272,361
Total equity	166,386	264,181	282,488	268,424	271,694
Cash and cash equivalents	255,119	250,614	270,118	227,951	161,408
Key Financial Ratios					
Gross profit margin	19.7%	21.4%	20.7%	20.6%	18.0%
Net profit margin	–	–	–	–	–
Gearing ratio ⁽¹⁾	35.0%	27.3%	25.4%	20.4%	21.6%
Current ratio	1.1	1.2	1.2	1.5	1.4
Trade receivables turnover days	46	39	27	29	37
Inventory turnover days	66	66	62	77	76

Note:

¹ Gearing ratio represents the ratio between total interest-bearing borrowings and total assets.

FINANCIAL HIGHLIGHTS

REVENUE OF THE GROUP ANALYSED BY PRODUCT CATEGORIES

	For the year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Revenue of the Group by products				
Fabrics products	68,149	15.7	112,935	23.2
Innerwear products	365,342	84.2	371,421	76.3
Space measurement	556	0.1	2,341	0.5
Total	434,047	100.0	486,697	100.0

2025



2024



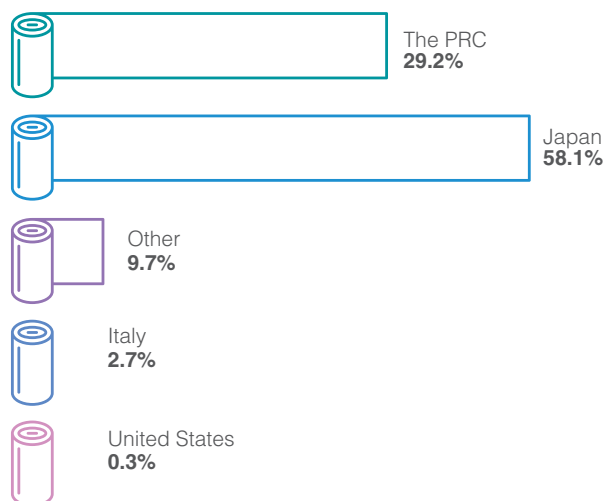
FINANCIAL HIGHLIGHTS

REVENUE OF THE GROUP ANALYSED BY REGIONAL DISTRIBUTION

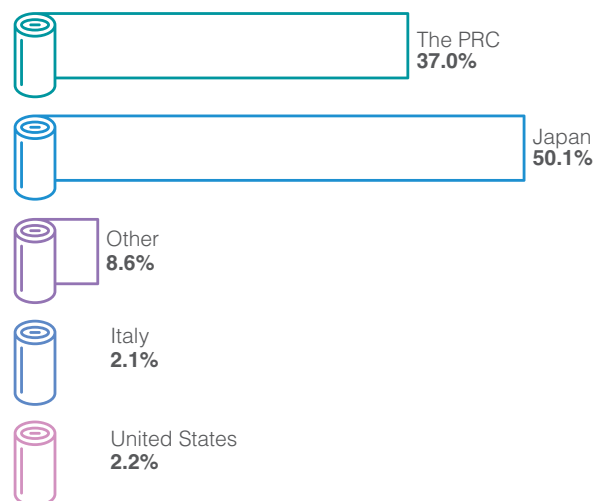
For the year ended 31 December

	2025		2024	
	RMB'000	%	RMB'000	%
Revenue of the Group by regional distribution				
The PRC	126,759	29.2	180,213	37.0
Japan	252,234	58.1	243,769	50.1
Others	42,203	9.7	41,685	8.6
Italy	11,800	2.7	10,224	2.1
United States	1,051	0.3	10,806	2.2
Total	434,047	100.0	486,697	100.0

2025



2024



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Greatime International Holdings Limited (“**Greatime International**” or the “**Company**”, together with its subsidiaries, the “**Group**”), I would like to present to all the shareholders the audited annual consolidated results of the Group for the year ended 31 December 2025 (the “**Year under Review**”).

The Chinese Mainland economy faced multiple challenges and new opportunities simultaneously in 2025. Supported by industrial upgrading, rapidly advancing artificial intelligence (AI) technology, and enterprises actively expanding into overseas markets, despite external economic and geopolitical turbulence, persistent domestic demand weakness, and intensifying domestic “involution-style” competition, the mainland economy still demonstrated strong resilience. Annual gross domestic product (GDP) recorded stable year-on-year growth of approximately 5.0%.

With keen insight into market dynamics and an unwavering commitment to its core business philosophy of “pursuing excellence through innovation”, during the Year under Review, Greatime International continued to strengthen its fundamental business operations, and deepened its presence in established markets while implementing a multi-pronged approach focused on products, quality, and cost management. On one hand, the Group continuously enhanced and optimized its product portfolio and quality management systems. It actively introduced automated and digitalized control processes while strengthening production and supply chain coordination to improve resource utilization efficiency and cost effectiveness. On the other hand, the Group also focused on strengthening the development of risk management and operational resilience to ensure stable performance and market competitiveness amid fluctuating demand and intensifying competition. During the Year under Review, the Group recorded revenue of approximately RMB434.0 million, representing a decrease of approximately 10.8% compared to 2024. Among these, the functional fabrics and innerwear manufacturing businesses, which constitute the Group’s core business, generated revenue of RMB68.1 million and RMB365.3 million from knitted fabrics and innerwear products, respectively, while revenue from the space measurement business amounted to RMB0.6 million.

In 2025, China’s total textile and apparel exports amounted to RMB2.1 trillion, a year-on-year decrease of 1.9%. Of this, textile exports totalled RMB1.0 trillion, representing a year-on-year increase of 1.0%; apparel exports totalled RMB1.1 billion, a year-on-year decrease of 4.4%, indicating that exports still possess a certain degree of resilience and a solid foundation. As China actively promoted export stimulus measures to counteract various negative development factors such as tariffs, the existing Japanese and domestic markets still maintained stable growth. Combined with the Group’s implementation of more effective cost-saving and efficiency-enhancing measures, performance met expectations. The Group will continue to focus on offering high-quality and cost-effective products to maintain market competitiveness and steady development.

As emphasized in the “Recommendations of the Central Committee of the Communist Party of China for Formulating the 15th Five-Year Plan for National Economic and Social Development” (《中共中央關於制定國民經濟和社會發展第十個五年規劃的建議》), the focus is on fostering and expanding emerging and future industries, striving to build new pillar industries, and accelerating the development of strategic emerging industry clusters such as new energy, new materials, aerospace, and the low-altitude economy. China’s low-altitude economy development entered a pivotal phase focused on institutional development and system construction, and it was included in the recommendations for the first time, signifying that its strategic development positioning has received explicit support from the Chinese government. The entire industry has transitioned from initial conceptual enthusiasm to systematic implementation, entering a pragmatic development phase focused on establishing frameworks, enforcing industry regulations, and building and strengthening sector capabilities. Low-altitude economy has formally elevated from regional exploration to a systematic layout of national strategy level.

CHAIRMAN'S STATEMENT

At the operational level, in recent years, the Group acquired Youying Intelligent Technology (Shenzhen) Co., Ltd. ("**Youying**"), a provider of smart city high-tech infrastructure technology services centered on AI-powered high-precision measurement and data collection. Since completing the acquisition of Youying, the Group has actively engaged in its business planning and management. Support has been provided across multiple dimensions, including research and development ("**R&D**") resource deployment, market expansion strategies, operational process optimization, and financial control. A disciplined decision-making and oversight mechanism has been established to ensure that while maintaining its innovative momentum, the business can also focus on risk control and sustainable development. However, the domestic market for drone applications is highly competitive. Previously driven primarily by real estate development and property management, the demand has shrunk significantly, and the industry has fallen into a vicious cycle of price competition, resulting in a sharp narrowing of profit margins. Therefore, the Group will continue to monitor developments in the drone and space measurement businesses and actively seek new business opportunities with synergistic value within the industry and its upstream and downstream sectors, building on its existing foundation.

To capitalize on the emerging industries prioritized by the Chinese government and the development opportunities in this sector, the Group actively expanded its potential customer base of emerging industries, jointly exploring and expanding technological application scenarios, including smart cities, infrastructure monitoring, and geographic information development. It also pursued commercial applications through meticulously refined scientific research, injecting diversified growth momentum for the future.

Looking ahead, the Group will actively seek to expand into businesses that demonstrate long-term development resilience, capable of weathering industry cycles, and contribute to the Group's high-quality development. Meanwhile, on the basis of its high-tech business development, the Group will continue to be actively seeking more investment opportunities in the development of digital and intelligent transformation of industries. We are committed to achieving greater synergies across our operations to deliver enhanced returns for shareholders and partners.

Finally, on behalf of the Board, I extend my sincere gratitude to all employees for their hard work and selfless dedication over the past year. At the same time, I would like to express my heartfelt appreciation to our shareholders, investors, and all customers for their continued trust and support, which have enabled our Group to achieve continuous innovation, breakthroughs, and progress. We will continue to strive for excellence, delivering even more innovative and outstanding performance to generate greater returns for our shareholders, and collaborate with all parties to forge new milestones.

Wang Bin
Chairman

31 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

In 2025, China's traditional economic sectors continued to experience sluggish growth. Traditional consumption and domestic demand industries faced severe "involution-style" competition, compounded by overall market demand contraction. The slow progress in clearing excess capacity within traditional manufacturing sector forced many small and medium-sized manufacturers to exit the market, placing significant pressure on the overall health of the traditional economy. Meanwhile, the mainland real estate market remained in a deep consolidation phase, with new development investment, construction activity, and new construction starts continuing to decline as the industry remained in a destocking phase. Against this backdrop, China's gross domestic product (GDP) still grew by approximately 5.0% year-on-year in 2025 to RMB140.1879 trillion, largely meeting the targets set at the beginning of the year and demonstrating considerable economic resilience. This resilience primarily stems from the rapid development of emerging industries such as new energy, new materials, low-altitude economy, and aviation equipment. The accelerated convergence of technological innovation and industrial innovation, coupled with the orderly advancement of the "AI+" Initiative, has spurred faster industrial innovation and application deployment. In 2025, the value-added output of the intelligent unmanned aerial vehicle manufacturing and intelligent vehicle equipment manufacturing industries above designated size grew by approximately 57.0% and 26.2%, respectively. Breakthroughs accelerated in new fields such as large-scale artificial intelligence models, quantum technology, and embodied intelligence, with China already holding a globally leading position in certain areas.

During the Year under Review, the overall trend in the industries where the Group's established knitted fabrics and innerwear businesses operate remained relatively stable. From January to December 2025, China's cumulative exports of textiles and apparel totalled approximately RMB2.103 trillion, a year-on-year decrease of 1.9%. Within this, textile exports amounted to approximately RMB1.020 trillion, representing a 1.0% increase; while apparel exports totalled approximately RMB1.082 trillion, a decrease of 4.4%. During the same period, the value-added output of the textile industry among industrial enterprises above designated size grew by approximately 3.0%, slightly outperforming market expectations overall.

In terms of export structure, China's overall market share in major apparel import markets has remained largely stable, though structural adjustments continue. Affected by geopolitical tensions and tariff policy uncertainties, U.S. apparel companies have further reduced their sourcing from China. In the first ten months of 2025, China accounted for only about 14.6% of U.S. apparel imports, a significant decline from the previous year's 20.9% and the lowest level in decades. To reduce reliance on any single market, China's apparel exports have gradually diversified toward traditional markets like the EU, UK, and Japan, as well as emerging markets such as Indonesia, Kenya, Tanzania, and Chile. However, the above emerging markets in aggregate still account for less than 10% of total apparel exports, with their overall share still in the early stages of development.

Although the value of knitwear exports declined in 2025, export volumes still recorded growth, indicating that shipments remain supported despite price pressures and reflecting a certain degree of demand resilience. Forecasts at the wholesale level indicate that China's wholesale value of knitwear and textiles will maintain an average annual growth rate of approximately 3.0% from 2024 to 2028, representing a moderate yet stable expansion trend. Among the major subcategories of apparel exports, innerwear, particularly bras, lingerie, and sleepwear, is one of the categories experiencing the sharpest declines, with related exports expected to drop by approximately 10.0% in 2025, indicating significant short-term pressure. On the other hand, medium-to long-term forecasts for China's innerwear and innerwear fabric market indicate that, driven by rising demand for comfort, functionality, and sustainable materials, the market for innerwear and its fabrics is expected to maintain relatively rapid growth between 2026 and 2033, demonstrating continued growth resilience and room for upgrading in the medium to long term.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Year under Review, the Group's space measurement business focused on supporting the development of the smart mining sector. In the future, China's smart mining sector will enter a phase of widespread adoption driven by "strong policy promotion + technological breakthroughs + demonstration projects", presenting substantial opportunities in terms of market potential and application scenarios. In April 2024, the National Mine Safety Administration (國家礦山安監局), together with seven government departments, jointly issued the "Guiding Opinions on Deepening the Construction of Intelligent Mines to Promote Safe Mine Development" (《關於深入推進礦山智能化建設促進礦山安全發展的指導意見》), explicitly stating that by 2026, the proportion of intelligent production capacity in coal mines nationwide should be no less than 60.0%, the proportion of intelligent working aspects should be no less than 30.0%, and the replacement rates of intelligent equipment or robots for hazardous and physically demanding positions in coal and non-coal mines should be no less than 30.0% and 20.0%, respectively.

Currently, China's smart mining market is experiencing explosive growth. According to the "2025 Blue Book on the Intelligent Mining and Autonomous Driving Industry" (《2025 智能礦山暨無人駕駛行業藍皮書》) released by China University of Mining and Technology (中國礦業大學) and other institutions, the Chinese smart mining market is growing at an average annual rate exceeding 10.0%. It is projected that the total market value will reach RMB67 billion by 2025 and exceed RMB120 billion by 2035. Behind this vast market potential lies the deep integration of robotics technology with the intelligent transformation of the mining industry.

BUSINESS REVIEW

During the Year under Review, the Group steadily advanced development across its three core business segments, including innerwear products, functional knitted fabrics, and space measurement. Despite persistent challenges in the external economic environment, the Group remained committed to its established businesses, driving transformation and upgrading through cost reduction and efficiency enhancement to maintain stable growth. In the space measurement segment, Youying has independently developed multiple core products, including automated hangars, high-precision aerial mapping drones, image transmission links, flight control systems, and 3D high-precision measurement robots equipped with LiDAR, along with related system solutions.

The functional fabrics and innerwear manufacturing business maintained overall stability during the Year under Review, recording revenue of approximately RMB433.5 million and gross profit of approximately RMB85.0 million. With rising health awareness among domestic and overseas consumers and the ongoing trend of sports and leisure, market demand for high-performance sportswear and functional innerwear has steadily increased. Relevant research indicates that China's sports apparel fabric market is projected to reach approximately RMB6.59 billion in 2025, with an expected mid-double-digit CAGR starting from 2026. Meanwhile, the market for smart functional fabrics used in sports and fitness is estimated to be around RMB14.69 billion in 2025, reflecting substantial growth potential for functional and high-value-added fabrics.

MANAGEMENT DISCUSSION AND ANALYSIS

Despite intensifying cost competition from emerging exporters such as Vietnam and Bangladesh, China continues to maintain a dominant position in the mid-to-high-end knitwear and functional innerwear sectors, leveraging economies of scale, consistent quality, and the ability to develop complex designs. Leveraging years of industry experience, the Group continues to design and deliver premium, diversified products tailored to customer needs, actively upgrading towards high-value-added markets. It maintains stable partnerships with brand clients and suppliers in key markets such as China and Japan, ensuring product quality and timely delivery to consolidate the Group's stable market share in major markets. In terms of technology and R&D capabilities, the Group focuses on developing fabrics with features tailored to various market needs – such as moisture-wicking, antibacterial and odor-resistant, and seamless comfort – to enhance product pricing power and customer loyalty.

In the space measurement business segment, during the Year under Review, Youying-related operations recorded revenue of approximately RMB0.6 million. Regarding R&D, since launching the automated hangar project in August 2024, Youying has completed full-process testing of the product in June 2025. The primary testing required for the automated hangar and related products was completed within 2025. Youying's automated hangar system features intelligent capabilities including automatic battery swapping, one-button takeoff and landing, autonomous cruising, and adverse weather response. Even though the development of related product hardware was within expectation, the marketing and software development of the products was unsatisfied. The variety of services Youying offering to customers was not board enough, and the data transmission platform of Youying was not technological advance enough to provide instant transmission of large amount of data. Youying was facing challenges in the Year under Review.

In terms of technological innovation, the Group continues to expand into areas such as smart mining. The Group will capitalize on the trend toward digitalization and automation upgrade in China's mining industry, seek opportunities in vertical scenarios such as smart mining, and further unlock long-term value.

FINANCIAL REVIEW

Revenue

The following table sets forth a breakdown of the Group's revenue by knitted fabrics, innerwear products and space measurement and as a percentage of the Group's total revenue for the Year under Review, with corresponding comparative figures for the year ended 31 December 2024:

	Year ended 31 December			
	2025 RMB'000 (Audited)	2025 %	2024 RMB'000 (Audited)	2024 %
Knitted fabrics	68,149	15.7	112,935	23.2
Innerwear products	365,342	84.2	371,421	76.3
Space measurement	556	0.1	2,341	0.5
Total	434,047	100.0	486,697	100.0

MANAGEMENT DISCUSSION AND ANALYSIS

For the Year under Review, the Group recorded a revenue of approximately RMB434.0 million (2024: RMB486.7 million), representing a decrease of approximately RMB52.7 million, or approximately 10.8%. The sales volume of knitted fabrics and innerwear products for the Year under Review were approximately 3,540 tons and 25.7 million pieces respectively (2024: approximately 4,073 tons and 25.8 million pieces respectively). The decrease of revenue was mainly due to the decrease in sales of knitted fabrics from approximately RMB112.9 million in 2024 to approximately RMB68.1 million in 2025.

The sales of knitted fabrics amounted to approximately RMB68.1 million (2024: RMB112.9 million) representing approximately 15.7% (2024: 23.2%) of the total revenue for the Year under Review while the sales volume of knitted fabrics decreased to 3,540 ton for the Year under Review (2024: 4,073 tons). The revenue generated from knitted fabrics products decreased for the year ended 31 December 2025 because the sales volume as well as the unit selling price decreased. In the Year under Review, the Group focused on consuming its own knitted fabrics for the production of innerwear products, as such, the sales volume to the external customer decreased accordingly. At the same time, the major income of knitted fabrics segment was from the processing services income in the Year under Review, which usually have a lower unit selling price when comparing to the manufacturing and sales of products.

Sales of innerwear products amounted to approximately RMB365.3 million (2024: RMB371.4 million), representing approximately 84.2% (2024: 76.3%) of the total revenue for the Year under Review. The sales of innerwear products remained steady for the Year under Review, the sales volume of innerwear products decreased from approximately 25.8 million pieces for the year ended 31 December 2024 to approximately 25.7 million pieces for the Year under Review. Whereas the unit selling price of the innerwear products remained at a similar level as per 2024, the overall sales of innerwear products slightly decreased.

For the Year under Review, the space measurement business contributed a revenue of approximately RMB0.6 million (2024: RMB2.3 million).

Cost of sales

Cost of sales decreased by approximately 8.8% from approximately RMB382.5 million for the year ended 31 December 2024 to approximately RMB348.7 million for the Year under Review. The decrease in overall cost of sales was mainly due to the decrease in sales volume of the Group's knitted fabrics products for the Year under Review.

Gross profit and gross profit margin

Gross profit decreased by approximately RMB18.9 million, or approximately 18.1%, from approximately RMB104.2 million for the year ended 31 December 2024 to approximately RMB85.3 million for the Year under Review. The Group's gross profit margin slightly decreased from approximately 21.4% for the year ended 31 December 2024 to approximately 19.7% for the Year under Review.

The gross profit margin decreased mainly due to the decrease in unit selling price of innerwear products and decrease in sales volume of knitted fabrics.

MANAGEMENT DISCUSSION AND ANALYSIS

Facing keen competition on the innerwear products segment, the Group lowered the unit selling price of the innerwear products in the Year under Review to attract customers, as a results, the sales volume maintained at a steady level in 2025. However, due to the decrease in unit selling price, even though the Group maintained a steady unit production cost, the gross profit margin of innerwear products segment decreased from 26.6% in 2024 to 22.5% in 2025.

The knitted fabrics segment focused more on production of the Group's own innerwear products and for sales to external customers, it concentrated on the provision of processing services. As the average gross profit margin of processing services was lower than the manufacture and sales of knitted fabrics products, the change in products mix in the Year under Review lowered the gross profit margin of the fabric segment.

The gross profit margin of space measurement segment stayed low mainly due to the minimal production scale of the segment. As the space measurement segment is still focusing in research and product development in the Year under Review, the production scale of the segment was minimal, which resulted the space measurement segment unable to enjoy to economic of scale.

The Group's gross profit and gross profit margins by knitted fabrics, innerwear products and space measurement for the Year under Review, with corresponding comparative figures for the year ended 31 December 2024, are as follows:

	Year ended 31 December			
	2025	2025	2024	2024
	Gross	Gross	Gross	Gross
	profit	profit	profit	profit
	RMB'000	margins	RMB'000	margins
		%		%
Knitted fabrics	2,652	3.9	4,925	4.4
Innerwear products	82,324	22.5	98,795	26.6
Space measurement	332	59.7	430	18.4
Total	85,308	19.7	104,150	21.4

Other income and gains and losses, net

Other income and gains and losses, net amounted to approximately a loss of RMB1.8 million (2024: gain of RMB9.5 million) for the Year under Review which were mainly impairment loss on trade receivables of approximately RMB8.5 million (2024: RMB5.6 million), netting off of exchanges gain of approximately RMB4.2 million (2024: RMB6.6 million). The decrease in other income and gains was mainly due to the increase in impairment loss and decrease on exchange gain.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and distribution expenses

Selling and distribution expenses increased by approximately RMB4.0 million to approximately RMB33.0 million (2024: RMB29.0 million) for the Year under Review. Selling expenses mainly represented the transportation expenses, salaries and commission to the sales staff. Increase in selling expenses was mainly due to the increase in sales commission and extra transportation cost of certain urgent products delivery for the Year under Review.

Administrative expenses

Administrative expenses slightly increased by 0.6% to approximately RMB87.6 million (2024: RMB87.1 million) for the Year under Review. Administrative expenses mainly represented staff salaries and welfare expenses, social insurance, depreciations and research and development expenses. The Group actively control the administrative expenses for the Year under Review, the overall administrative expenses maintained at a relatively steady level and recorded a slight increase of RMB0.5 million.

Finance costs

Finance costs decreased to approximately RMB6.5 million (2024: RMB10.5 million) for the Year under Review, primarily due to the decrease in average interest rate on certain borrowings during the Year under Review.

Loss before tax

The Group's loss before tax was approximately RMB95.9 million (2024: RMB13.0 million) for the Year under Review primarily due to the decrease in revenue and gross profit, as well as the increase in impairment loss on goodwill and fair value loss on contingent consideration receivables. The gross profit decreased from RMB104.2 million for the year ended 31 December 2024 to RMB85.3 million for the Year under Review. And due to the disappointing performance of space measurement business segment, an impairment loss on goodwill and fair value loss on contingent consideration receivables of RMB25.8 million and RMB26.5 million, respectively, were recorded for the Year under Review (2024: Nil and Nil).

Income tax credit/(expense)

Income tax expense decreased, a credit of RMB0.7 million was noted (2024: expense of RMB7.4 million) for the Year under Review. The Group's effective tax rate for the Year under Review was approximately 0.0%, as compared to approximately negative 56.2% for the year in 2024.

Loss for the year

The Group recorded a loss of RMB95.2 million for the Year under Review as compared with a net loss of approximately RMB20.3 million for the year ended 31 December 2024, which was mainly due to the increase in loss before tax of approximately RMB82.9 million for the Year under Review as mentioned in the above paragraphs.

MANAGEMENT DISCUSSION AND ANALYSIS

Inventories

The inventory balances decreased to approximately RMB55.3 million as at 31 December 2025 (2024: RMB70.3 million). The inventory level decreased by 21.3% as management actively controls the inventory level of the Group to mitigate the inventory risk.

The average inventory turnover days maintained at approximately 66 days (2024: 66 days) for the Year under Review.

Trade receivables

Trade receivables decreased to approximately RMB50.8 million (2024: RMB57.6 million) as at 31 December 2025. The decrease in trade receivables was mainly due to the Group's active management of the receivable in the Year under Review.

The average trade receivables turnover days increased to approximately 46 days (2024: 39 days) for the Year under Review. The trade receivables turnover days still fell within the credit terms granted to the customers of the Group.

Trade and bills payables

Trade and bills payables decrease to approximately RMB91.8 million (2024: RMB95.9 million) as at 31 December 2025. The average turnover days for trade and bills payables slightly increased to approximately 98 days (2024: 92 days) for the Year under Review which were in line with the trade credit periods given by the suppliers of the Group.

Liquidity and financial resources

The Group's principal sources of working capital included cash flow generated from the sale of its products and bank borrowings. As at 31 December 2025, the Group's current ratio (calculated as current assets divided by current liabilities) was 1.1 (31 December 2024: 1.2). As at 31 December 2025, the Group had cash and cash equivalents of approximately RMB255.1 million (31 December 2024: RMB250.6 million) and short-term loans of approximately RMB182.3 million (31 December 2024: RMB167.4 million). As at 31 December 2025, the Group's gearing ratio (calculated as total debts as at year end divided by total assets for the year x 100%, while debts are defined to include current and non-current interest-bearing borrowings) measured on the basis of total Interest-bearing loans was approximately 35.0%, as compared to approximately 27.3% as at 31 December 2024.

As at 31 December 2025, the Group had fixed rate bank loans and other loan of RMB100 million and RMB54.3 million (2024: RMB85.0 million and RMB54.4 million) and variable rate bank loans of approximately RMB28.0 million (2024: RMB28.0 million). The effective interest rate on the Group's fixed rate borrowings was 3.30%-4.80%, and the effective interest rate for the Group's variable rate borrowings was 4.57%-5.00% per annum as at 31 December 2025 (2024: fixed rate: 3.65%-4.80%; variable rates: 4.57%-5.00% per annum). During the Year under Review, there was no material change to the Group's funding and treasury policy.

MANAGEMENT DISCUSSION AND ANALYSIS

The majority of the Group's funds have been deposited in banks in China and licensed banks in Hong Kong. The management believes that the Group possesses sufficient cash and cash equivalents to meet its commitments and working capital requirements in the next financial year.

The Group continues to implement prudent financial management policies and monitor its capital structure based on the ratio of total liabilities to total assets.

Interest rate and foreign currency exposure

The Group is exposed to cash flow interest rate risks in relation to variable rate interest-bearing borrowings. The pledged bank deposits and bank balances also expose the Group to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances. The Group historically has not used any financial instruments to hedge potential fluctuations in interest rates. The management considers that the exposure of the pledged bank deposits and bank balances to cash flow interest rate risk is not significant as the Group does not anticipate significant fluctuation in the interest rate on bank deposits. To mitigate the impact of interest rate fluctuations, the Group will manage the interest expenses by financing with both fixed and variable rate debts, and will continually assess and monitor the Group's exposure to interest rate risk and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group is exposed to foreign currency risk. A significant proportion of the Group's revenue was denominated in USD and certain trade and other receivables, cash and bank balances, trade and other payables and loan from a shareholder of the Company (the "Shareholders") are denominated in USD, Japanese yen and HK\$ respectively, while substantial operating expenses are denominated in RMB, and the Group's reporting currency is RMB.

The Group does not have a foreign currency hedging policy. In the event of currency fluctuations, the Group may have to increase its product pricing to compensate for the increase in cost of production. This would lower the Group's market competitiveness, on a price basis, for its products and could result in a decrease in revenue. In the future, the management will monitor foreign exchange exposure and will consider hedging or factoring significant foreign currency exposure should the need arise.

Contingent liabilities

As at 31 December 2025, the Group had no material contingent liabilities.

Charges on group assets

As at 31 December 2025, the Group's bank loans were secured by the Group's buildings and right-of-use assets of carrying amounts of approximately RMB61.5 million and RMB9.2 million, respectively (31 December 2024: RMB63.3 million and RMB9.4 million, respectively).

MANAGEMENT DISCUSSION AND ANALYSIS

HUMAN RESOURCES

As at 31 December 2025, the Group employed approximately 2,400 employees. The total staff costs (including directors' and key managements' emoluments) of the Group for the Year under Review were approximately RMB168.9 million (31 December 2024: RMB157.5 million). Key components of the Group's remuneration packages include basic salary, medical insurance, discretionary cash bonus and retirement benefit scheme. The Group conducts periodic reviews for the employees and their salaries and bonuses are performance related. The Group has neither experienced any significant problems with its employees or disruptions to its operations due to labour disputes, nor has it experienced any difficulties in the recruitment and retention of experienced employees. The Group maintains a good relationship with its employees.

FINAL DIVIDEND

No payment of a final dividend for the Year under Review was recommended by the Board (2024: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS

During the Year under Review, the Group did not conduct any acquisition or disposal of subsidiaries, associates and joint ventures.

The Group has acquired the Youying and its subsidiary (the **"Youying Group"**) in May 2023 at a total consideration of RMB74.0 million, becoming its largest shareholder. The Youying Group is principally engaged in the provision of high precision space measurement and modelling services, provision of geospatial data measurement services, internal and external software development, city information modelling (CIM) underlying platform and system construction, and research and development, production, sales and technical assistance of industrial drone motors and lidar 3D high-precision measurement robots.

As disclosed in the announcements of the Company dated 8 May 2023 and 14 June 2023 (the **"Announcements"**), the Existing Shareholders of Youying have undertaken to Hainan Guangxun International Investment Co., Ltd. (the **"Investor"**) that (i) the net profit of the Youying Group for the years ended 31 December 2023, 2024 and 2025 shall not be less than RMB25,000,000, RMB50,000,000 and RMB80,000,000 respectively; or (ii) the average net profit of Youying for the three years ended 31 December 2025 shall not be less than RMB51,670,000 (the **"Average Net Profit"**).

Youying Group recorded a net loss for the year of approximately RMB8.5 million for the Year under Review (2024: loss of RMB9.3 million), falling short of over RMB88.5 million as compared to the profit guarantee of the year ended 31 December 2025. The non-fulfilment of the profit guarantees was mainly due to the prolonged development and improvement of technology, as well as delays in application integration. As the Youying Group is unable to fulfil the Average Net Profit, the Existing Shareholders are subject to the compensation as stated in the Announcements.

MANAGEMENT DISCUSSION AND ANALYSIS

Details of calculation of the compensation as follows:

Equity Compensation:

The equity interests in the Youying to be transferred by the Existing Shareholders to the Group would be the entire shares on Existing Shareholders' hand, (i.e. 60% of the equity interest of Youying).

As at 31 December 2025, the fair value of Youying Group as valued by a professional valuer under discounted cash flow method, was RMB1.6 million, and the Equity Compensation of 60% of the equity interest of Youying of RMB0.9 million was recorded in the other receivables of the Group, which was insufficient to cover the shortfall of the Profit Guarantee, and hence the Monetary Compensation would be enforced.

Monetary Compensation:

According to the formula as stated in the Announcements, the total amount of the Monetary Compensation should be RMB2.6 million (being amount of the cash received by the Existing Shareholders minus tax paid for transfer of equity interests and the payment for registered capital of Youying by the Existing Shareholders pursuant to the Investment Agreement), was recorded in the other receivables of the Group.

The Group will continue to be involved in and monitor the operation of the Youying Group. For the compensation as stated above, the Group will enforce the rights as stated in the Announcements and further discuss with the existing management and shareholders of the Youying Group on future development of the Youying Group. Further announcement will be made by the Company if there is any update in this regard.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

Looking ahead to 2026, the global macroeconomy will remain subject to geopolitical risks and trade protectionism. The volatile situation in the Middle East and heightened tariff barriers in certain regions will cast uncertainty over the global trade outlook. In the mainland, traditional consumption drivers remain in the process of recovery. The central government continues to advance policies “Against Involution” and the development of a unified national market, eliminating inefficient production capacity, encouraging innovation, and enhancing resource allocation efficiency. These measures are expected to help maintain domestic economic growth within a relatively stable range and gradually improve structural imbalances between supply and demand.

In foreign trade, high tariffs and geopolitical factors have kept the export environment tight, with intensifying price competition among supplier countries placing greater pressure on small and medium-sized apparel exporters in Asia, South America, and Africa. To stabilize the industrial chain and manufacturing costs, the State Council of China reduced import tariffs on certain strategic fibers and textile raw materials starting January 2026. This measure helps alleviate cost pressures in the textile industry and supports corporate upgrading and transformation. As the industry gradually shifts toward technology-intensive and high-value-added products, China’s competitiveness in the global technical textiles and functional fabrics market is expected to further enhance.

Meanwhile, the Group will continue to implement cost-saving and efficiency-enhancing measures across its existing functional fabrics and innerwear businesses, further consolidating its customer base and technological advantages to ensure steady performance in both overseas and domestic markets. The Group will also maintain and deepen its long-term partnerships with international brand clients, reinforcing its positioning and bargaining power in the mid-to-high-end market. In recent years, the trend of sports fitness and outdoor activities has continued to gain momentum in the Chinese Mainland and many other parts of the world. The demand for functional sportswear and professional innerwear has maintained strong growth, driving the continuous expansion of the functional fabric and high-performance innerwear markets. Amid this trend, the Group will continue optimizing its fabric product portfolio, actively developing casual innerwear and other high-growth segments to enhance product value-added and brand loyalty. Regarding cost reduction and efficiency improvement, the Group will streamline and automate production processes, strengthen quality management, and optimize cost structures to further elevate overall operational efficiency and delivery capabilities. This will enable the Group to maintain stable sales performance and reasonable profit margins within the fiercely competitive market environment.

To regain momentum in the Group’s development, given that the space measurement business segment has consistently failed to generate significant profit contributions for the Group amid intense industry competition, and considering that cost competition within the industry may have a negative impact on the Group’s long-term financial development, the Group will focus on maintaining its established functional fabrics and innerwear businesses while actively seeking suitable development opportunities in other emerging industries. The aim is to build synergistic business segments based on the existing business foundation to deliver better returns for shareholders.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. WANG Bin, aged 61, is a representative of the Twelfth National People's Congress of the PRC, a doctoral supervisor and a part-time professor at the Southwestern University of Finance and Economics, as well as a PRC certified public accountant. He received his doctorate degree in economics from Southwestern University of Finance and Economics in June 2003. Mr. Wang Bin had assumed different positions in government authority and state-owned enterprise including the deputy director of State-owned Assets Supervision and Administration Commission of the State Council of Sichuan Province in the PRC and the chairman of Sichuan Development Holdings Co., Ltd.* (四川發展(控股)有限責任公司). Mr. Wang Bin has been serving as the vice chairman of Hainan Haide Industry Co., Ltd (海南海德實業股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (stock code: 000567), since October 2015 and served as general manager concurrently from October 2015 to September 2016.

Mr. Wang has entered into a service agreement with the Company under which he acts as an executive Director for an initial term of three years (subject to retirement by rotation and re-election at the general meeting of the Company in accordance with the memorandum and articles of association of the Company), unless and until terminated by either party giving to the other not less than three months' notice in writing. Pursuant to such service agreement, Mr. Wang will receive from the Company a director's fee of HK\$1,200,000 per annum. Such director's fee is determined with reference to the prevailing market conditions and his duties and responsibilities with the Company, and will be subject to review by the remuneration committee of the Company from time to time. As at the date of this report, there is no other benefit provided to Mr. Wang for his directorship in the Company.

Mr. SHU Dakun, aged 59, graduated from Southwestern University of Finance and Economics, the PRC with a master's degree in business management in June 2005. He obtained fund practitioner qualification from the Securities Association of China in March 2018. He was employed by the Bank of Communications from May 1994 to May 2014, with his position last held as the president of the Heilongjiang branch. From June 2014 to June 2017, he was the chairman of the board of Glory Industrial Investment Fund Management Co., Ltd.* (國辰產業投資基金管理有限公司). He was the vice president of Sichuan Financial Holding Group Co., Ltd.* (四川金融控股集團有限公司) from July 2017 to August 2021. He has been the chairman of the board of Huasheng Asset Management Co., Ltd.* (華昇資產管理有限公司) since September 2021, an executive director of Hainan Guangxun International Investment Co., Ltd.* (海南廣迅國際投資有限公司) since August 2022 and the chairman of the board of Youying since May 2023.

Mr. Shu has entered into a service contract with the Company in relation to his appointment as an executive Director for an initial term of three years (subject to retirement by rotation and reelection at the general meeting of the Company in accordance with the memorandum and articles of association of the Company), unless and until terminated by either party giving to the other not less than one month's notice in writing. Pursuant to such service contract, Mr. Shu will receive from the Company a director's fee of HK\$1,200,000 per annum. Such director's fee is determined with reference to the prevailing market conditions and his duties and responsibilities with the Company, and will be subject to review by the remuneration committee of the Company from time to time.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. DU Shuwei, aged 58, graduated from Zhongnan University of Economics in 1990 with a bachelor's degree in economics and graduated from Zhongnan University of Economics and Law with a master's degree in business administration in 2000. He graduated from Huazhong University of Science and Technology with a doctorate degree in management in 2009 and graduated from Université Grenoble Alpes of France with a master's degree in executive business administration in 2012.

Mr. Du served in Tongji Hospital of Tongji Medical University from July 1990 to September 2001. He worked as an accountant of the finance office from July 1990 to January 1996, a deputy director of the economic management office from January 1996 to January 1997, a director of the economic management office from January 1997 to March 1998 and a director of the finance office from March 1998 to September 2001. Mr. Du served as a chief accountant of Tongji Hospital of Huazhong University of Science and Technology from September 2001 to September 2008 and served as the vice president from September 2008 to January 2018. Since March 2018, Mr. Du has served as the vice president of Wintime Group Co., Ltd* (永泰集團有限公司).

Mr. Du has entered into a service agreement with the Company under which he acts as an executive Director for an initial term of three years (subject to retirement by rotation and re-election at the general meeting of the Company in accordance with the memorandum and articles of association of the Company), unless and until terminated by either party giving to the other not less than three months' notice in writing. Pursuant to such service agreement, Mr. Du will receive from the Company a director's fee of HK\$1,200,000 per annum. Such director's fee is determined with reference to the prevailing market conditions and his duties and responsibilities with the Company, and will be subject to review by the remuneration committee of the Company from time to time. As at the date of this report, there is no other benefit provided to Mr. Du for his directorship in the Company.

NON-EXECUTIVE DIRECTOR

Mr. ZHANG Yanlin, aged 57, graduated from Zhongnan University of Finance and Economics in July 1990 with a bachelor's degree in economics. He served as the general manager of Shenzhen Hua Sheng Investment Development Co., Ltd. (深圳華晟投資發展有限公司) from July 2002 to October 2004. From August 2002 to November 2004, he held the position of supervisor at MyHome Real Estate Development Group Co., Ltd. (美好置業集團股份有限公司) (previously known as Celebrities Real Estate Development Group Co., Ltd. (名流置業集團股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (stock code: 000667). From November 2004 to June 2008, Mr. Zhang Yanlin had worked as the director and general manager of Nanjing Xinsu Property Co., Ltd.* (南京新蘇置業有限公司), the director of the office of the board of directors at Wintime Investment Holding Co., Ltd.* (永泰投資控股有限公司), and the director, deputy general manager and representative chairman of Xuzhou Wintime Real Estate Development Co., Ltd.* (徐州永泰房地產開發有限公司). Since November 2015, he has been serving as the assistant of the chairman and general manager of the corporate governance department of Wintime Holding. Since 10 August 2016, he has been serving as the chairman and general manager of Shenzhen Wintime Finance Lease Co., Ltd.* (深圳市永泰融資租賃有限公司). Since 17 September 2016, he has been serving as a director and general manager of Wintime Technology Investment Co., Ltd.* (永泰科技投資有限公司).

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhang has entered into a service agreement with the Company under which he acts as a non-executive Director for an initial term of three years (subject to retirement by rotation and re-election at the general meeting of the Company in accordance with the memorandum and articles of association of the Company), unless and until terminated by either party giving to the other not less than three months' notice in writing. Pursuant to such service agreement, Mr. Zhang will receive from the Company a director's fee of HK\$200,000 per annum. Such director's fee is determined with reference to the prevailing market conditions and his duties and responsibilities with the Company, and will be subject to review by the remuneration committee of the Company from time to time. As at the date of this report, there is no other benefit provided to Mr. Zhang for his directorship in the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. XU Dunkai, aged 74, was previously the president of the Alumni Association of Zhongnan University of Economics and Law, the vice chairman of Higher Financial & Economic Education Branch of China Higher Education Association, and the legal representative of the Education Development Foundation of Zhongnan University of Economics and Law. He graduated from Hubei Institute of Finance and Economics in January 1982 with a bachelor's degree in philosophy. He completed the main courses of master of science in economics in Wuhan University from September 1984 to July 1985. He is the Author of "The History of Enterprise Management Thought in the Period of the Republic of China" (《民國時期企業經營管理思想史》). He organized the compilation of the dictionary of "Financial Dictionary (Second Edition)" (《財經大辭典》(第二版)). He has also led a national social science foundation research project.

Mr. Xu was appointed by way of a letter of appointment for an initial term of three years (subject to retirement by rotation and re-election at the general meeting of the Company in accordance with the memorandum and articles of association of the Company), unless and until terminated by either party giving to the other not less than three months' notice in writing. Pursuant to such letter of appointment, Mr. Xu will receive from the Company a director's fee of HK\$150,000 per annum. Such director's fee is determined with reference to the prevailing market conditions and his duties and responsibilities with the Company, and will be subject to review by the remuneration committee of the Company from time to time. As at the date of this report, there is no other benefit provided to Mr. Xu for his directorship in the Company.

Ms. ZHAO Weihong, aged 59, is currently the chief medical officer and professor of the First Affiliated Hospital with Nanjing Medical University (also known as Jiangsu Province Hospital). Ms. Zhao graduated from Nanjing Medical University with a bachelor's degree in medicine in 1988, a master degree in medicine in 1999 and a doctorate degree in medicine in 2003.

From 1988 to 1994, Ms. Zhao served as a resident and teaching assistant at the First Affiliated Hospital with Nanjing Medical University (also known as Jiangsu Province Hospital)* (南京醫科大學第一附屬醫院(亦稱作江蘇省人民醫院)). From 1994 to 1999, she served as a principal medical officer and a lecturer at the same hospital, and in 2000, she was promoted to associate professor, followed by another promotion to the deputy chief medical officer in 2001. She has been the chief medical officer and professor of the hospital since 2007.

Ms. Zhao has been appointed as an independent non-executive Director by a letter of appointment for an initial term of three years, terminable by three months' notice from either party, with effect from 30 September 2020, for which she is entitled to an annual director's fee of HKD150,000. Ms. Zhao's remuneration is determined by the Board with reference to her duties and responsibilities as well as the prevailing market conditions and will be reviewed by the remuneration committee of the Company from time to time. As at the date of this report, no other benefits provided to Ms. Zhao for her directorship in the Company.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. ZHENG Bing, aged 58, graduated from Sichuan Business Administration College* (四川省工商管理學院), the PRC, with a master's degree in business administration in July 2002. He is a Certified Public Valuer and Certified Public Accountant practicing in the PRC. He was employed by the Ministry of Finance* (財政局) of Panzhihua City, Sichuan Province, the PRC from July 1987 to December 1999 with his position last held as director. He was the business director of the southwest office of China United Assets Appraisal Company* (中聯資產評估公司) from January 2000 to September 2006, and has been the chairman and a director of the southwest branch company of China United Assets Appraisal Company* (中聯資產評估公司) since October 2006.

Mr. Zheng has entered into an appointment letter with the Company in relation to his appointment as an independent non-executive Director for an initial term of one year (subject to retirement by rotation and re-election at the general meeting of the Company in accordance with the memorandum and articles of association of the Company), unless and until terminated by either party giving to the other not less than three months' notice in writing. Pursuant to such appointment letter, Mr. Zheng will receive from the Company a director's fee of HK\$150,000 per annum. Such director's fee is determined with reference to the prevailing market conditions and his duties and responsibilities with the Company, and will be subject to review by the remuneration committee of the Company from time to time.

SENIOR MANAGEMENT

Mr. LEE Yin Sing, aged 45, is the chief financial officer and company secretary of the Company (the "**Company Secretary**"). Mr. Lee is responsible for overseeing the Group's financial planning and management. Mr. Lee has over 15 years of experience in finance control and accounting through his prior employments. He acquired auditing experience through his prior employment with an audit firm of international repute from 2002 to 2007. He was appointed as an independent non-executive director of Lumina Group Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code: 1162), in September 2017. Prior to joining the Group as its chief financial officer in August 2010, he worked as the financial manager of Proview International Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 334), in 2009 during which he acquired experience in finance control, accounting and company secretarial matters. Mr. Lee graduated from the City University of Hong Kong in 2002 with a bachelor's degree in accounting. He has been a member of the Hong Kong Institute of Certified Public Accountants since 2008.

Mr. WANG Shao Hua, aged 57, has been the general manager and director of Zhucheng Eternal Knitting Company Limited ("**Zhucheng Eternal**"), a subsidiary of the Company, since May 2024 and December 2009, respectively. He has over 24 years of experience in the knitting industry.

Mr. Wang graduated from Shandong Textile Industry School (山東省紡織工業學校) and obtained his junior college degree in textile (針織專業大學專科) in July 1987. He completed the part-time course in economic management in Shandong Provincial Party School of the Communist Party of China (中共山東省委黨校) during September 1993 to June 1996 and obtained his certificate.

He has also been a director of Zhucheng Yumin Knitting Company Limited ("**Zhucheng Yumin**"), a subsidiary of the Company, since November 2004 and a director of Shandong Grand Concord Garment Company Limited since its establishment.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. LIU Xin De, aged 59, is a director of Zhucheng Eternal and Zhucheng Yumin. Mr. Liu is responsible for product management and equipment administration of Zhucheng Yumin Knitting Company Limited. He joined Zhucheng Eternal in March 2001 as merchandiser and was promoted as an office manager in June 2003. Mr. Liu obtained his bachelor's degree in national economic management from Shandong University (山東大學) in July 1989.

Ms. JI Tai Mei, aged 56, is the deputy general manager in charge of product management of Zhucheng Eternal. Prior to her appointment as the deputy general manager in April 2010, she served as the head of product planning department and concurrently as the assistant of general manager of Zhucheng Eternal from June 2004 until April 2010. Prior to joining the Group, she worked for Shandong Lanfeng Knitting Group Co. Ltd. (山東蘭鳳針織集團) from September 1989 to May 2004 and assumed the position of manager of the garment workshop from July 1999. Ms. Ji obtained her junior college degree in accounting from Shandong TV University (山東廣播電視大學) in July 1994.

Ms. ZHOU Li, aged 53, is the deputy general manager of Zhucheng Eternal. Prior to her appointment as the deputy general manager in April 2010, she served as the sales manager of Zhucheng Eternal since December 2005 and was also appointed as assistant of general manager of Zhucheng Eternal on 15 August 2007. Before her engagement with the Group, she worked for Shandong Lanfeng Knitting Group Co. Ltd. (山東蘭鳳針織集團) from August 1992 to October 2005 and was the deputy general manager of import and export department before she left the same. Ms. Zhou graduated from Shandong Textile Industry School (山東省紡織工業學校) and obtained her degree of secondary vocational school diploma in textile in July 1992. She also obtained junior college degree in economic management (經濟管理大學專科) after completing the 3-year distance learning course from Shandong Cadres Correspondence College (山東省幹部函授大學) in June 1996.

Mr. CAI Yingjie, aged 61, is one of the founders, the president and the chief technology officer of the Youying Group, and is primarily responsible for the overall operations and management, and market and technology development of the Target Group. He has over 20 years of experience in the mobile and radar industry and business management. Prior to founding the Youying Group in December 2011, Mr. Cai worked at various telecommunication companies in the PRC where he was responsible for operation, management, and research and development of technologies and products. Mr. Cai received a doctorate degree in signal and message processing from the University of Electronic Science and Technology of China.

Mr. HONG Hao, aged 58, is one of the founders, a vice president and the chief operating officer of the Youying Group, and he is primarily responsible for overseeing the daily operations and product strategy of the Target Group. He has over 30 years of experience in the electronic industry and business management. Prior to founding the Youying Group in December 2011, Mr. Hong worked at various companies in the PRC that is engaged in the electronic industry where he was responsible for overall operation, market development, and customer development.

Mr. GUO Xiaolei, aged 37, is a vice president of the Youying Group, and he is primarily responsible for the overall business operations of the Target Group. He has over six years of experience in the BIM industry and business management. Prior to joining the Youying Group, from November 2016 to October 2022, he was the founder and the chief executive officer of each of Jiangsu Flounder Digital Technology Co., Ltd.* (江蘇比目魚數字科技有限公司) and Shenzhen Flounder Square Technology Co., Ltd.* (深圳比目魚平方科技有限公司), both of which are primarily engaged in the provision of BIM services in the PRC. He received a bachelor's degree and master's degree in psychology from the University of California, Berkeley.

* The English translation of the company names is for reference only. The official names of these companies are in Chinese.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

This Environmental, Social and Governance (“**ESG**”) Report (this “**Report**”) serves as a review on the efforts and achievements made by Greatime International Holdings Limited and its subsidiaries (the “**Company**”, together with its subsidiaries as the “**Group**”) for its sustainability issues in 2025. This Report discloses the Group’s policies and practices pertinent to sustainable development. As a platform for communication and to facilitate understanding with the Group’s stakeholders, this Report also contains information on actions taken in response to the major expectations and concerns of stakeholders. This Report is to be read in conjunction with the Corporate Governance Report in the Company’s 2025 Annual Report.

This Report has been approved by the board (the “**Board**”) of directors (the “**Directors**”) of the Company.

Reporting Boundary

This Report covers the Group’s sustainability-related issues, as well as the policies, measures, and activities under the Group’s control. This Report covers the period from 1 January 2025 to 31 December 2025 (the “**Reporting Period**”). The entities covered in this Report mainly include the subsidiaries in Hong Kong, the People’s Republic of China (“**PRC**”) and the Republic of the Union of Myanmar (“**Myanmar**”). The physical boundary includes offices in the PRC and the factories in the PRC and Myanmar.

The Group focuses on innerwear products and knitted fabrics and is mainly an original equipment manufacturer (“**OEM**”) supplier. Its operation includes the activities of weaving and knitting, dyeing and finishing, printing, cutting, and sewing. The Group’s major environmental impacts, as well as the social impacts, are generated from the activities relating to its operation in the PRC and Myanmar. Thus, the reporting boundary covers the factories in the PRC and Myanmar. The Group would continue to monitor its performance and provide comprehensive disclosure.

Basis of Preparation

This Report was prepared in accordance with the *Environmental, Social and Governance Reporting Code* (“**ESG Code**”) contained in Appendix C2 of the *Rules Governing the Listing of Securities on the Stock Exchange*. This Report has complied with the “mandatory disclosure requirements”, “comply or explain” and “climate-related disclosures” provisions of the ESG Code and adhered to the four reporting principles, which are “materiality”, “quantitative”, “balance” and “consistency” as the basis for preparation of the Report.

- **Materiality:** After the Group has conducted a materiality assessment and collected stakeholders’ feedback, the importance levels of each sustainable development issue to the Group and stakeholders in 2025 were assessed, thus serving as the disclosure focus of this Report.
- **Quantitative:** The Group optimised the environmental and social data collection tools during the Reporting Period. Quantitative information along with the methodologies used, is disclosed to reflect the Group’s performance, demonstrating the Group’s commitment to managing the environmental and social performance. In order to present the Group’s performance changes over the years, this Report also presents some historical data of the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **Balance:** The Report provides an unbiased picture of the Group's performance during the Reporting Period to avoid the selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.
- **Consistency:** The methodologies used in this Report are generally consistent with those used in previous years. Where there are changes in relevant factors such as methodologies or key performance indicators, they are indicated in relevant sections.

Publication of this Report

This Report is available in both Traditional Chinese and English. Should there be any discrepancy between the Traditional Chinese version and the English version, the English version shall prevail. An electronic version of this Report can be accessed on the Group's website <http://www.greatimeintl.com> or the website of the Stock Exchange.

Feedback to this Report

The Group will continually improve and enrich the contents and presentation of its ESG reports. Your feedback on the Group's sustainability performance is welcome. Please email us at info@greatimeintl.com.

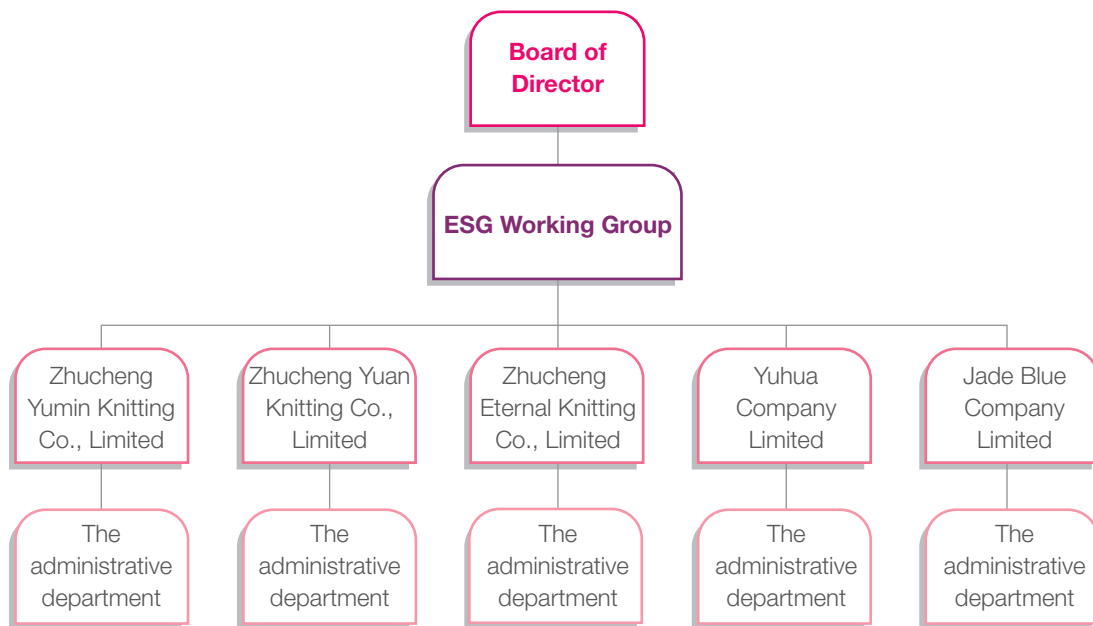
ESG MANAGEMENT

To provide a management foundation and organisational safeguards for ESG and climate-related issues, and for us to better fulfil the Group's social responsibilities to various stakeholders, the Group has established an ESG governance structure and formed a set of mature ESG working mechanisms and processes, and the Group actively carries out ESG and climate-related risk identification and assessment work to better cope with complex environmental and social risks.

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ESG Management Structure

The Board recognises its responsibility to oversee ESG and climate-related issues, which are as important as other corporate issues. The Group has established an ESG working group, aiming to assist the Board in managing ESG and climate-related issues.



ESG Management Structure

The Board, as the highest decision-making body for ESG and climate-related issues, holds overall responsibility for the Group's ESG and climate-related management approach and strategy.

The ESG working group is the body under the Board responsible for the implementation of ESG and climate-related strategies, and it directly reports to the Board. The ESG working group leader is appointed by the Chief Financial Officer. The ESG working group is comprised of senior management and employees from different departments who have sufficient knowledge of ESG and climate-related issues.

The ESG working group is obligated to develop and review the Group's ESG and climate-related management approach and strategy, analyse the potential risks and opportunities of ESG material issues on the Group's business strategies in accordance with the Group's risk management and internal control systems, and set the Group's ESG and climate-related targets and monitor the progress of achieving the relevant targets. Additionally, the ESG working group is responsible for developing and overseeing the Group's ESG and climate-related management work plans, and coordinating the implementation and execution of all ESG and climate-related tasks by the relevant functional departments. The ESG working group shall prepare the annual ESG report and submit it to the Board for review.

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ESG Risk Identification and Management

The Group has carried out the ESG risk assessment to identify the potential ESG risks and related impacts on the Group's business strategies. Through the ESG risk assessment, the Group has evaluated relevant ESG risks and analysed the risk management situation and the room for improvement. Based on the results of the questionnaire analysis in which various departments were invited to participate in the risk assessment, the Group initially identified two relatively high level ESG risks during the Reporting Period, which are the product quality risk and the business concentration risk. For both risks, the Group has put in place related measures to avoid or minimise the impact.

To progressively incorporate the ESG risk management into the Group's risk management system, the Group would conduct frequent risk assessments, build a solid ESG risk management system, and keep improving its ESG risk management procedures.

Stakeholder Engagement

The Group adheres to the principles of honesty, equality and transparency in communication, attaches importance to communication with stakeholders and respects their aspirations. The Group has established and is continuously improving its stakeholder communication and engagement mechanisms. Thus, the Group interacts with its stakeholders through the diversified communication channels, as shown in Table 1. Through these communication channels, the Group maintains a good understanding of the expectations and concerns of stakeholders, and hence allows the Group to further develop and optimise its sustainable development strategies.

Table 1 Expectations of Major Stakeholders and the Channels of Communication

Stakeholders	Communication Channels	Expectations
Government and Regulatory Authorities	- On-site inspections - Research and discussion through work conferences, work reports preparation and submission for approval - Consultation - Annual report - the Group's website	- Complying with the laws and regulations - Proper tax payment - Promoting regional economic development and employment - Information disclosure
Major Shareholders	- Annual general meeting and other shareholder meetings - Annual report and other announcements - Email, telephone communication, and the Group's website	- Sustainable income and protection of shareholders' interests - Protection of interests and fair treatment of shareholders

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Stakeholders	Communication Channels	Expectations
Financial Institutions and Potential Investors	• Regular meetings • Annual report and other announcements • Email, telephone communication, and corporate's website	• Information disclosure and transparency
Retail Investors	• Annual report and other announcements • Email, telephone communication, and the Group's website	• Sustainable return on investment
Employees	• Conferences • Training, seminars, and briefing sessions • Cultural and sport activities • Newsletters • Intranet and emails	• Safeguarding the rights and interests of employees • Decent working environment • Career development opportunities • Self-actualization • Health and safety
Customers	• Website, brochures, and annual report • Email and customer service hotline • Feedback forms • Regular meetings	• Safe and high-quality products • Stable relationship • Information transparency • Business integrity and ethics
Suppliers/Distributors	• Business meetings, supplier conferences, phone calls, and interviews • Regular meetings • Reviews and assessment • Tendering process	• Long-term partnership • Business honesty • Fairness and transparency • Information resource sharing • Risk reduction
Business Partners	• On-site visits • Irregular meetings	• Supply chain management • Product quality management
Peers/Industry Associations	• Industry conferences • Site visits	• Experience sharing • Fair competition

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Stakeholders	Communication Channels	Expectations
Community	The Group's website, and ESG report	Creating social benefits

Materiality Assessment

During the Reporting Period, the Group conducted the materiality assessment through survey, to better understand concerns and expectations of stakeholders.

Identifying the pool of ESG issues

The Group has updated its pool of potential ESG issues for the Reporting Period based on the ESG Code, issues of concern to peer companies, SASB¹ standard and material ESG issues from MSCI ESG ratings. The pool included 28 issues in total, of which 12 are environmental and 16 are social issues.

Conducting stakeholder questionnaire

The Group invited internal and external stakeholders to participate in the survey to prioritise the potential ESG material issues. The Group received a total of 141 responses from shareholders, management, employees, customers and suppliers. Internal stakeholders ranked ESG issues based on their "importance to the Group", while external stakeholders ranked them based on "importance to the stakeholders".

Analysing the questionnaire results

After collecting the responses, the Group launched an analysis of the questionnaire results. The analysis was conducted on two dimensions – "importance to the Group" and "importance to the stakeholders", resulting in the identification of a total of 13 ESG material issues, including 6 environmental and 7 social issues.

¹ SASB, known as "Sustainability Accounting Standards Board". SASB Standards are now a part of the International Financial Reporting Standards (IFRS) Foundation

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Reviewing and validating materiality assessment results

The Board and management of the Group participated in the materiality assessment and reviewed and confirmed the ESG material issues for the Reporting Period.

A materiality matrix was created to illustrate the relative importance of the ESG issues and to identify the material issues for the Group. The ESG issues located in the upper right corner of the materiality matrix were identified as material issues. The structure and disclosure of the Report were prepared to reflect the result of the materiality assessment.



1. Product Responsibility
2. Energy Usage and Efficiency
3. Water Usage and Efficiency
4. Discharge and Management
5. Customer Privacy Management
6. Supply Chain Management
7. Labour Standards
8. Employment and Welfare
9. Procurement
10. Environmental Compliance
11. Corporate Governance and Risk Management
12. Chemical Usage and Management
13. Green Raw Material Use and Improved Efficiency of Raw Material Use

14. Development of Sustainable Product
15. Waste
16. Intellectual Property Rights
17. Employee Development and Training
18. Health and Safety
19. Use of Packaging Materials
20. Women Working Conditions and Discrimination
21. Employee Engagement, Diversity and Inclusivity
22. Adopting Climate Change
23. Anti-Corruption
24. Product Carbon Footprint
25. Data security
26. Ecosystems and Biodiversity
27. Preventing child labour and forced labour
28. Community Involvement and Contribution

* *The issues in the blue area are the material issues identified.

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According to the result of the materiality assessment, the material issues of the Group were listed in Table 2.

Table 2 The Material Issues Identified and Their Descriptions

Material Issues (in descending order of materiality)	Brief Descriptions of the Issues for Communication with Survey Respondents	Section of the Report Responding to the Issue
Product Responsibility	The management relating to the privacy matters of customers, advertising, labelling, intellectual property rights, etc.	Responsible Operation- Product Responsibility
Energy Usage and Efficiency	The rational use of energy, such as electricity and fuel, and energy conservation in the course of business operations, including the establishment of energy efficiency targets, management measures and results	Responsible for Environment – Conserving Resources
Water Usage and Efficiency	Rational use of water resources in production and operation, water conservation, including the establishment of objectives, measures, and the effectiveness of water resources application	Responsible for Environment – Conserving Resources
Discharge and Management	The management of emissions from production operations, such as exhaust gases, greenhouse gases, waste, and sewage	Responsible for Environment – Environmental Impacts
Customer Privacy Management	Measures taken to protect customer privacy	Responsible Operation – Quality Service
Supply Chain Management	Selection and assessment of qualified suppliers, identification, assessment and management of environmental and social risks in the value chain, etc.	Responsible Operation – Supply Chain Management
Labour Standards	Comply with the labour standards in which the business operates	Responsible for Employment – Employment and Labour Standards

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Material Issues (in descending order of materiality)	Brief Descriptions of the Issues for Communication with Survey Respondents	Section of the Report Responding to the Issue
Employment and Welfare	The management relating to compensation and dismissal, recruitment, promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, etc.	Responsible for Employment – Employment and Labour Standards
Procurement	Procurement to secure quality goods at optimal costs, ensure ethical and sustainable sourcing, mitigate risks, and deliver long-term value through reliable supply chains.	Responsible Operation – Quality Service
Environmental Compliance	Development and implementation of environmental systems to enable operations to comply with environmental-related policies and regulations	Responsible for Environment – Environmental Policy
Chemical Usage and Management	Rational use and management of chemicals in production operations	Responsible Operation – Product Responsibility
Green Raw Material Use and Improved Efficiency of Raw Material Use	Transitioning to green raw materials while maximizing usage efficiency to reduce environmental impact, lower costs, and secure long-term resource availability	Responsible Operation – Supply Chain Management
Waste	Adopting appropriate emission reduction and management measures for waste generated in production and operation, including the establishment of waste emission targets, scientific treatment, classification and recycling of waste	Responsible for Environment – Environmental Impacts

RESPONSIBLE OPERATION

The Group believes that the quality of products and services brings the ultimate competitiveness and thus puts its full efforts to maintain the quality of its products. The Group also recognises the necessity in building up a close and long-term business relationship with its suppliers.

The material issues –“Chemical Usage and Management”, “Product Responsibility”, “Customer Privacy Management”, “Green Raw Material Use and Improved Efficiency of Raw Material Use”, “Procurement” and “Supply Chain Management” are responded in this section.

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Product Responsibility

Upholding the notion that “The quality today determines the market tomorrow”, the Group aspires to grow into one of the leading Chinese functional fabric and innerwear manufacturers for major international apparel brands.

Product Health and Safety

The Group safeguards the safety of its products and the health of its consumers through responsible operations. Only dyes and chemicals approved to be sold and used by the relevant authorities in the PRC are selected and sourced from renowned chemical companies in the PRC and abroad. The chemical additives that contain banned chemicals in the European Union, the United States, Japan and the PRC are strictly prohibited in the Group’s products.

Products including the knitted fabrics and baby wears are certified to meet the requirements of the STANDARD 100 by OEKO-TEX®, an international standard that tests for harmful substances such as azo dyes, formaldehyde, nickel, pesticides, and solvent residues to ensure harmlessness in human ecological terms. The subsidiary involving the management of textile security follows the criteria of Whitelist Management System according to GB18401-2010 for concentration limits of prohibited aromatic amine, certified by the China National Textile & Apparel Council (CNTAC).



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Quality Control

The Group has built and continuously improved its quality management system, strengthened quality management in the whole process of production and operation, and always adhered to quality requirements. Various quality control related systems are adopted in the factories.

The Group has established various quality control policies, inspection requirements and procedures for various types of products, such as the *Product Inspection Specifications during Production*, the *Cotton Knitted Underwear Inspection Specifications*, the *Procedures for Inspection and Control of Inspection Facilities*, to ensure the Group has rigorous control over the product quality and meets the legal requirements as well as customers' standards. The quality inspection department is responsible for the execution of the relevant policies, performing quality inspections on procured materials, semi-finished goods and finished products throughout different stages of production.

The procured materials for the fabric production mainly include cotton yarns and dyeing related materials, while the innerwear production involves the use of fabrics, sutures, buttons, and zippers. The procured materials shall pass the quality inspection before entering the warehouses, and be properly stored according to the Group's safety and quality requirements.

During production, the products need to meet the quality standards of customers, with the correct colours and designs. The products are inspected to be within the allowable range of size, clean, neat, and well made. For finished products, the Group conducts various testing such as physical, chemical and bacteria tests to assess product health and safety, appearances, functionality, durability, etc.

If procured materials, semi-finished goods or finished products are found defective, they will be handled and recorded according to the *Non-conforming Product Control Procedures*. For procured materials, handling methods include acceptance under concession, return, exchange, etc. For semi-finished or finished products, they would be accepted under concession, reworked, repaired, or disposed.

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Intellectual Property Protection

The protection of intellectual property rights is key to the development and manufacture of the Group's products. The Group established the *Management Regulation on Consumer-supplied Materials*, which prohibits the information provided by customers from being shared or used in other products or by any third parties. Employees are required to sign an agreement not to disclose any of the Group's proprietary intellectual property to any third parties. Other measures to protect intellectual property have been implemented in the Group, such as entering into non-disclosure agreements, implementing internal security systems and policies, and complying with relevant laws and regulations.

The labels attached to innerwear products are prepared according to the customers' requirements because the Group has no control over labelling as an OEM supplier. For knitted fabrics, the Group prepares the labels in accordance with relevant laws and regulations. Advertising is not considered as a material matter by the Group because of the Group's main role as an OEM supplier.

During the Reporting Period, the Group was not aware of any incidents of non-compliance with laws and regulations concerning the provision and use of the Group's products and services, including but not limited to, product and service information and labelling, marketing communications including advertising and promotion, and property rights including intellectual property rights that would have a significant impact on the Group.

Quality Service

Customer Privacy Management

The Group understands the importance of privacy for the benefit of its customers and brand image. The information relating to customers and their products is treated as highly confidential. The Group's employees are not allowed to disclose any information of customers under any circumstances. Permission to access the information of customers has been set in the computer system of the Group and is granted to the authorised personnel only.

The Group neither experienced any customer data leakage nor received any complaints about inappropriate use of customer information during the Reporting Period that would have a significant impact on the Group.

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Complaint Processing and Product Recall

The Group has established an accurate and unobstructed customer complaint channel and has established internal guidelines to handle customer complaints efficiently. The Group listens carefully to its customers' views and suggestions to ensure that their demands are met in a timely manner and that their interests are protected through qualified products and services.

The Group assigned its employees in the sales department to keep a close communication with every customer, to ensure a high degree of customer satisfaction. Complaints received will be reported level by level to seek solutions if the customers' concerns cannot be resolved. If the products that are delivered to customers are found to be unqualified or potentially unqualified, the Group will treat the issue seriously and communicate with customers on how to resolve the problem. The sales department and the quality inspection department are responsible for undertaking corrective and preventive measures correspondingly.

During the Reporting Period, no complaints about products were received from customers. No product sold was subject to recalls for safety and health reasons during the Reporting Period.

Supply Chain Management

The Group actively builds close working relationships with suppliers and regards supplier selection as an important task. Meanwhile, the Group focuses on environmental and social risks at all stages of the supply chain. The Group encourages better social and environmental performance of its suppliers and subcontractors through supply chain management. *Internal Control Process of Procurement* was established by the Group to standardise the procedure of managing the supply chain and evaluating criteria including quality, price, delivery time, etc.

The Group gives priority to environmental-friendly and good quality products to promote green procurement when sourcing and purchasing raw materials. Moreover, the Group has implemented the *Suppliers/Subcontractors Social Responsibility Control Procedure* ("SSRCP") to select suppliers and subcontractors based on their performance in social and environmental responsibility. The supply department of the Group is responsible for assessing the suppliers' and subcontractors' performance. The areas to be assessed include cases of child labour and forced labour, employees' wage and working hours, benefits such as paid leaves and insurance, fire safety provisions, availability of sewage discharge permit and waste sorting facilities. During the Reporting Period, all the suppliers and subcontractors were selected according to the SSRCP.

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Procedures for evaluating the social and environmental performance of suppliers and subcontractors are as follows, as specified in SSRCP:

- The supply department examines the performance of suppliers and subcontractors by conducting documents review and on-site assessments.
- The supply department develops a file for each certified supplier and subcontractor, containing assessment results, supporting documents, and records of improvement, certifications related to social responsibility, etc.
- All suppliers and subcontractors shall sign and commit to take their social and environmental responsibility as outlined in the SSRCP before signing a contract with the Group.
- The supply department performs site visits to suppliers and subcontractors for evaluating and recording their performance.
- Cooperation with suppliers and subcontractors will be terminated if the supply department discovers any cases of child labour, forced labour or any other violation of the laws and regulations concerning labour rights and social responsibility management. The supply department also conducts research on sub-providers of the suppliers and subcontractors in order to prevent child labour and forced labour in the workplaces of sub-providers.
- Suppliers and subcontractors will not be selected if they refuse to be examined on-site.

If a supplier or subcontractor either obtains Social Accountability 8000 (SA8000) or conforms to the world-renowned procurement evaluation standard, the on-site assessment may be exempted only if they can provide relevant certificates or evaluation reports for cross-checking of claimed good performance.

Anti-corruption

The Group holds a zero tolerance strategy for any corruption practices, and strictly prohibits bribery, extortion, fraud, money laundering, and other illegal acts with the highest standards of business ethics. The Group's employees have been informed to follow the rules stated in the labour contracts and the *Employee Handbook*. The anti-corruption related rules include but are not limited to the following:

- Prohibiting existing employees from receiving any kind of benefit from the Group's suppliers or business partners
- Requesting job applicants to declare the relationships with existing employees of the Group and its business partners, if any

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The Group formulated the *Policy on Resignation/Dismissal Audit System* that requires assessing and defining the responsibilities of employees during his or her job tenure, including any risks and economic loss caused by misconduct and malpractices. The individuals who left the positions still have to bear the relevant responsibilities. Thus, the liabilities and business risks from the individuals who have left the positions are controlled, improving the accountability of the personnel and the protection of the Group's interests.

In addition, the Group established the *Policy on Reporting Management and Feedback System* and is committed to protecting the anonymity of whistle-blowers, providing protection against retaliation for whistle-blowers and remaining impartial during investigation. Whistle-blowers can use phone calls, messages, e-mails, letters, and other ways to report. The contact information of whistleblowing channel is disclosed. The human resources department is responsible for the management of the whistleblowing system and investigation of reported cases. No whistleblowing cases relating to anti-bribery and anti-corruption were received during the Reporting Period.

To improve the awareness of anti-corruption of employees, the Group attaches great importance to internal anti-corruption related trainings. Board members attend anti-corruption and bribery related trainings prior to their induction. The Group plans to update the anti-corruption and bribery related trainings for the Board and employees in the future.

During the Reporting Period, the Group did not receive any allegation against the Group or its employees of bribery, extortion, fraud, or money laundering. There were neither ongoing nor concluded legal cases regarding corrupt practices brought against the Group or its employees.

For more details on the Group's compliance with relevant laws and regulations, please refer to Appendix 1 of this Report.

RESPONSIBLE FOR ENVIRONMENT

The Group is deeply aware of its social responsibility and mission to protect the ecological environment while its business continues to grow. The Group actively responds to international and national calls for green development and are committed to building a green manufacturing system that is low-carbon, environmentally-friendly and energy-saving. Focusing on the industry of textile and apparel, the Group's operation includes the activities of weaving and knitting, dyeing and finishing, printing, cutting, and sewing in the Group's production facilities in both the PRC and Myanmar. The major environmental impacts from the production activities are wastewater discharge, greenhouse gas ("GHG") emissions, hazardous and non-hazardous waste generation, and noise emission.

The material issues – "Discharge and Management", "Energy Usage and Efficiency", "Water Usage and Efficiency", "Environmental Compliance" and "Waste" are responded in this section.

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Environmental Policy

The Group attaches foremost importance to environmental compliance in the locations where it operates. The Group has standardised the environmental practices relating to environmental protection and resource efficiency, which have also been adopted by the subsidiaries accordingly. The major environmental policy of the Group is the *Policy on Environmental Operation and Management of Facilities* (“**EOMF**”). The EOMF was announced to all levels of employees and implemented in all factories. The Group’s employees are responsible for continually striving to minimise these impacts as set forth in EOMF.

According to EOMF, the Group strives to

- Promote and obey the environmental-related laws and regulations in the locations where it operates.
- Utilise natural resources and energy efficiently and reasonably.
- Control and eliminate pollution.
- Create a decent working and living environment.
- Reduce the ecological and environmental impacts of the Group’s operation and corresponding activities on adjacent areas.

The Group’s internal audit team is responsible for identifying measures related to environmental matters in order to manage and prevent environmental risks. The Group has kept broadening the scope of the green agenda and identifying opportunities for enhancing energy efficiency and adopting newly developed technologies to uphold sustainable development, environment-friendly and care attitude in the workplaces.

During the Reporting Period, the Group did not have any material violation of the laws and regulations relating to environmental protection. For more details on the Group’s compliance with relevant laws and regulations, please refer to Appendix 1 of this Report.

Environmental Impacts

The Group’s factories are located in areas for industrial purposes, and the Group strives to minimise the environmental impacts in the areas to fulfil the environmental responsibility of the Group.

The Group defines the environmental emergency as “a sudden or potential degradation of environmental quality, endangering public health and property, or causing ecological damage, or causing significant social impact, as a result of the release of pollutants or natural disasters, production safety accidents and other factors, resulting in the entry of pollutants or toxic and hazardous substances such as radioactive substances into the atmosphere, water bodies, soil and other environmental media”. Therefore, in order to effectively carry out environmental emergency work, the Group conducts an annual survey of emergency resources, identifies deficiencies in the project site and formulates rectification requirements accordingly, with the aim of protecting natural resources and minimising the negative impact on the ecological environment.

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Air Emissions

The Group strives to ensure its air emissions are in strict compliance with relevant laws and regulations. Currently, the major air emissions come from emissions of vehicles and a forklift, and canteens. The boilers had been phased out, thereby no direct emission of air and GHG emissions have been generated from boilers during the Group's production, and the Group has not set up relevant targets.

The major source of the Group's carbon footprint comes from the indirect GHG emissions from purchased electricity and steam.

During the Reporting Period, the total GHG emissions of the Group are 20,425.89 tCO₂e. Direct emissions (Scope 1) were from the consumption of natural gas for domestic use, the consumption of petrol, diesel, and refrigerants. Indirect emissions (Scope 2) were from the use of purchased electricity and steam.

The Group has established *Air Emission Management* to standardise measures to reduce air emissions. The Group's solar photovoltaic power generation facility is now completed and operational, reducing GHG emissions from electricity use.

Wastewater

The wastewater of the Group mainly comes from the irregular discharge generated from the processes of dyeing, finishing, and printing under its fabric production segment. The Group operates and maintains its own wastewater treatment facilities to treat the wastewater and reduce contaminants to acceptable levels before discharging it into the municipal wastewater treatment facilities. There are no direct discharges into the land. To ensure full compliance with relevant laws and regulations, the Group has adopted the following measures:

- Integrated wastewater treatment facilities are set up to collect and treat wastewater through a series of processes, including deep sedimentation, biological contact oxidation, advanced Fenton oxidation processes and others.
- Real-time monitoring is in place via online detection devices installed at the wastewater outfalls, and the monitoring is connected to the environmental protection authorities.

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Hazardous and Non-Hazardous Wastes

In strict compliance with relevant laws and regulations, the Group takes effective measures to ensure the safe and effective disposal of hazardous waste, reduce waste generation and promote the efficient recycling of non-hazardous waste to reduce the environmental impact caused by the waste generated from production and operation.

The subsidiaries in the PRC strictly comply with the *Administrative Measures for Hazardous Waste Transfer Manifests* and the *Administrative Measures for Permits to Handle Dangerous Wastes* to ensure proper approaches for the waste transportation and disposal. The hazardous wastes mainly include the wastewater sludge and inner packaging materials for dyeing auxiliaries, which are mainly generated from the production of Zhucheng Yumin Knitting Co., Limited, one of the subsidiaries of the Group. The Zhucheng Yumin Knitting Co., Limited has established the goal of compliant disposal of waste. Hazardous wastes are separately stored and recorded in the ledger. Sludge is collected and handled by qualified organisations and inner packaging materials for dyeing auxiliaries are sold for recycling. Other subsidiaries of the Group do not generate any hazardous waste.

To strengthen the management of the hazardous wastes generated by the Group, and minimise the impacts of leakage into air, soil or water in case of fire, explosion and other incidents, the *Hazardous Waste Emergency Contingency Plan* has been updated by the Group to provide guidance on the handling of such incidents. In case of such an emergency, related personnel are designated to activate the emergency contingency plan and lead the emergency responses and rescues. In order to improve the ability to deal with emergencies, the Group regularly organises drills and exercises to deal with major accidents. In case of such emergencies, related personnel are designated to activate the emergency contingency plan and lead the emergency responses and rescues. Emergency trainings are also provided for employees from related divisions, including regular drills.

During the Reporting Period, the Group held an environmental accident drill in which all members of the emergency rescue team participated to test the plan, train the team and effectively enhance the emergency response capability at all levels.

Non-hazardous wastes generated by the Group primarily include domestic waste and waste paper. Non-hazardous wastes are collected and treated by the local environmental hygiene department. The Group uses various measures to reduce waste generation, including encouraging employees to reuse materials such as paper and plastics, promoting e-office, and controlling the amount of paper used.

Noise

The Group generates noise from its operating machinery. To reduce the noise emitted, the Group implements physical insulation control and other mitigation measures. Sound insulation devices, sound arresters, and mufflers are installed, and trees are planted around the factories within the designated area to reduce noise pollution. Machinery that generates a considerable level of noise is prohibited from being operated during the breaks, noon time and night-time, and any extension of the length of operation time due to special circumstances must be reported and approved by the relevant departments.

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Conserving Resources

Recognising the importance of sustainable use of resources, the Group makes every effort to minimise the consumption of resources while improving their utilisation and efficiency. The manufacturing of innerwear products and knitted fabrics consumes a considerable amount of electricity and water. The Group pursues a target of resource-saving with the purpose of reducing energy usage and hence operation cost. According to the *Policy on Social Responsibility Management System*, various energy and water conservation related practices are implemented to reduce the consumption of energy and water. Additionally, technologically advanced machinery is purchased for the Group's production to help improve the Group's energy efficiency and reduce its negative environmental impacts. In particular, the weaving machines, dyeing machines, pre-shrinking machines, stentering machines and flat screen and rotary screen-printing machines were sourced from the manufacturers in Japan, Germany, Italy, Hong Kong, and Taiwan.

Water Consumption

The dyeing and finishing process in the daily operation requires a considerable amount of water among the business activities in the Group. The Group has established the target of enhancing the efficiency of water consumption. To enhance the management and efficiency of water, the Group has incorporated the concept of water conservation in daily operations. Condensate water from the dyeing process is reused. Besides, plants are irrigated by the rainwater captured through a rainwater harvesting system installed in the factories.

The Group's water is sourced from municipal water supply and underground water. There is no issue in sourcing water.

Energy Consumption

The Group strictly monitors and controls its energy usage. The following measures have been implemented to enhance energy management and efficiency:

- Improving management mechanism of heating by monitoring temperature on the Group's premises.
- Setting up rules for employees on the premises. Turning off the lights, for instance, is required if employees leave the premises for more than an hour.
- Attaching signs beside all the electrical devices to remind employees of the importance of saving energy.
- Replacing non-energy efficient devices.
- Replacing conventional light bulbs with energy-saving light bulbs.
- Installing energy efficient motors in the factories.

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Besides, the Group encourages its employees to commute by public transport, bicycle, and vehicles that use clean energy. The priority of usage of vehicle washing and parking facilities in the factories is given to the employees with vehicles that either adopt clean fuels or are rented from car-sharing.

The Group has installed solar photovoltaic for power generation, which has been put in use in the Reporting Period. During the Reporting Period, the power generated from solar photovoltaic facilities was 2,244,518 kWh.

Packaging Materials

The Group has no control over the usage of packaging materials for products ready for delivery due to the nature of its business mode. The Group, entering into contracts with customers, acts as a contractor to produce products according to the criteria stated in the contracts with no control over the specifications of products and the selection of packaging materials. The excess packaging materials are either returned to customers or kept in the factories for other suitable products.

Therefore, the total packaging material used for finished products is considered immaterial for the Group and not reported in this Report.

Addressing Climate Change

As a responsible company, the Group is deeply aware of the impact of climate change on the sustainable development of economies and societies. In line with the Group's green and low-carbon development strategy, the Group reviewed the climate risk inventory and previous climate risk assessments during the Reporting Period, with no material climate risks identified. Additionally, the Group identified climate-related opportunities relevant to its business development and value chain, guided by the Task Force on Climate-related Financial Disclosures (TCFD) framework and industry practices.

The Group has taken a series of proactive initiatives to address climate related physical risks. Based on the weather conditions and physical location of the Group's operations, the Group has established the *Response to Severe Weather* and the targeted countermeasures with the aim of accelerating the Group's green transformation and continuously improving the Group's ability and resilience to address various types of climate risks.

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During the Reporting Period, the Group identified five significant transition risks and six climate opportunities. The identified risks and opportunities, their potential effects on our operations and our response strategies, are summarised together with our key responses in the following table:

Table 3 Climate-related Risks and Our Responses

Risk Type	Risks	Effects	Response Strategies
Transition Risks	Stricter regulation of existing products and services	• Impairment of existing assets and accelerated depreciation • Increased investment in technological innovation • Increased operational costs due to non-compliance	• Enhance relevant employees' understanding of laws and regulations related to carbon emission requirements • Increase the application of renewable energy, such as solar photovoltaic power generation facilities
	Replacing existing products and services with low-carbon alternatives	• Increased expenditure on new technology research and development • Impact of new business ventures on existing operations • Rising maintenance costs associated with new technologies	• Committed to developing low-carbon products • Conducting low-carbon certification for products and raw materials • Prioritising the use of low-carbon raw materials
	Changes in consumer behaviours	• Customer preferences are shifting towards environmentally friendly products • Demand for traditional high-pollution products is declining • Increased application of eco-friendly raw materials to align with market trends • Product portfolio adjustments are crucial for maintaining market position and profitability	• Analyse shifts in consumer behaviours based on market performance • Expand the product portfolio to accommodate evolving consumer preferences

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Risk Type	Risks	Effects	Response Strategies
	Supply fluctuations	- Suppliers adapt with low-carbon technologies to mitigate climate risks - Increased supplier costs will drive up procurement and operational expenses	- Enhance supply chain management - Select suppliers and subcontractors based on their performance in social and environmental responsibility
	Concern or negative feedback from stakeholders	- Non-compliance with environmental information disclosure poses reputational risks - Failure to meet low-carbon or emission reductions targets may disappoint stakeholders	- Engage with stakeholders to understand their expectations and concerns - Establish water efficiency targets, integrate water conservation principles, and reuse dyeing and printing condensate - Install rainwater harvesting systems to utilise alternative water resources - Enhance climate risk assessment and management to mitigate operational impacts

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Table 4 Climate-related Opportunities and Our Key Responses

Opportunity Type	Opportunities	Effects	Response Strategies
Resource efficiency	More efficient production and transportation	• Optimise production processes and adapt the latest technologies • Enhance production capacity and transport efficiency • Reduce operating costs and enhance economic efficiency	• Replace low-efficiency equipment • Operate automated machinery • Switch to electric transport vehicles
	Recycling and reuse	• Effectively optimise product carbon footprint • Enhance resource utilisation efficiency • Reduce raw material procurement costs • Reduce environmental impact	• Promoting product recycling and reuse • Utilising recyclable raw materials • Tracking carbon emissions throughout the product lifecycle
Energy Sources	Utilising renewable energy sources	• Increase the proportion of renewable energy usage • Install green energy facilities and procure green electricity • Adapt to the dual carbon policy	• Utilising solar photovoltaic power generation for production • Replacing petrol vehicles with electric vehicles
	Participate in carbon market	• Participating in carbon markets allows companies to acquire carbon credits representing emission reductions, thereby generating carbon credit revenues and creating new avenues for business growth	• Participate in carbon market

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Opportunity Type	Opportunities	Effects	Response Strategies
Products and Services	Developing low-carbon and sustainable products	Expand the market, enhance brand competitiveness and increase revenue	- Increase investment in the research and development of low carbon fabrics and products - Ensure product quality and extend product lifespan
Resilience	Resilience planning like alternative resources, diversified procurement to ensure supply chain stability	Supply chain resilience planning helps reduce dependence on specific resources and enhance the ability to resist and manage climate risks	- Diversify procurement channels - Establish a supply chain monitoring system - Infrastructure maintenance and expansion

RESPONSIBLE FOR EMPLOYMENT

The Group understands that talent is the top productive force and the most valuable strategic resource for the development. The Group insists on putting people first, protecting the employment rights of the Group's employees while providing a healthy and safe working environment for them. The Group has set up diverse training programmes in the hope that the Group's employees will continue to grow in their work and help them to achieve self-fulfilment and develop together with the company.

The material issues – “Labour Standards” and “Employment and Welfare” are responded in this section.

Employment and Labour Standards

The Group complies with relevant laws and regulations as well as labour-related regulations and policies in order to fully protect the rights and interests of employees. The Group has developed the internal regulation on *Labour Resources Management* and an internal *Employee Handbook*, which sets out the requirements for employee attendance, rest periods, induction, transfer, termination, company benefits and safety-related matters.

The recruitment and employment are conducted in a fair and equal manner. The recruitment process and employment decision focus on the job applicants' work experience, technical skills, and work performance without discrimination of any kind based on age, gender, nationality, race, sexual orientation, physical disability, or marital status. The Group also works towards a diverse workforce with various ethnicities, education background, work experiences, nationalities, and skills. The Group also recruits people with disabilities to help them better integrate into society. During the Reporting Period, the Group did not receive any complaints about unequal employment.

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The Group has established the *Regulations on Labour and Personnel Management*. The Group prohibits the employment of child labour under the age of 16 in alignment with relevant laws and regulations. Job applicants are requested to provide their identity cards to ensure they reach the minimum legal working age. The Group also eliminates the occurrence of forced labour in order to adequately safeguard employees' rights and interests. During the Reporting Period, there were no cases of illegal child and forced labour found in the factories of the Group.

In terms of contracting and contract management, labour contracts or employment agreements will be signed between the Group and employees upon employment for one month. The termination of labour contracts and dismissal of employees are carried out in strict compliance with relevant laws and regulations to fully protect the rights and obligations of both employees and the Group.

In terms of remuneration and welfare, we offer the Group's employees a remuneration package with key components including basic salary, medical insurance, discretionary cash bonus, and retirement benefit scheme. The Group also offers welfare to the employees. Employees are entitled to the statutory holidays, paid annual leaves, sick leaves, casual leaves etc. Various benefits, such as subsidies on holidays and festivals, home leaves, free meals and transportation are provided to employees and free accommodation for female employees. Regarding the employee promotion, the Group examines the performance and competence of each employee to provide fair and adequate promotion opportunities.

The Group values and regards the requests and opinions of its employees. To listen to employees' concerns and provide them a better working environment, a feedback system is set up to collect employees' comments and opinions regarding to the environment, catering, accommodation and transportation. Designated personnel from each office and human resources department are responsible for conducting quarterly surveying and solving problems if any. A suggestion box is also used to collect employees' opinions, and the Group responds to the feedback received weekly.

The Group also follows the internal regulation to set up a procedure to receive employees' complaints and feedback on all issues, including child labour and forced labour. If any cases of non-compliance are reported, an investigation will be carried out to settle the case and prevent the repetition. The Group will also consult with the child's guardians on avenues for his or her return to school.

The Group is committed to creating a happy workplace environment for its employees and organises a variety of activities to enhance the sense of belonging and cohesiveness in the workplace. The Group has organised activities such as annual dinners, knowledge competitions, leisure trips, outstanding employee awards competition, etc.

During the Reporting Period, the Group neither experienced any significant problems with its employees or disruptions to its operations due to labour disputes over compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, nor experienced any material breach of or non-compliance with the applicable laws and regulations by the Group that would have significant impact on the business and operations of the Group.

For more details on the Group's compliance with relevant laws and regulations, please refer to Appendix 1 of this Report.

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Health and Safety

The health and safety of employees is always the Group's top priority. The Group places great importance on it and is committed to creating a comfortable, healthy and safe working environment for its employees. On top of the compliance with relevant laws and regulations, the human resources policies and procedures are in place with the aim of providing employees with good working conditions and a safe and healthy workplace. The Group has internally developed the *Regulation on Governing the Corporate Labour, Safety and Hygiene Educational Management* ("LSHE"). The Group has established a production safety committee for the purpose of implementing LSHE and performing workplace safety management.

The Group has established procedures for operating machinery, such as garment cutters and dryers, and an industrial accident reporting mechanism. Machines and equipment are properly maintained or discarded according to relevant internal guidelines. Conveyor and moving parts are all covered properly. Besides, the Group also has electricity leakage protection, provides firefighting equipment, and posts safety alert signs in the factories. Employees are provided with protective equipment such as wire gloves, goggles, protective earplugs and masks. Breaks are arranged for employees to exercise and take a rest.

The Group also pays attention to maintaining good indoor air quality for employees. To minimise the indoor air pollutants such as fabric dust and formaldehyde, various measures are taken:

- Source control: Control of the indoor humidity to reduce dust generation.
- Ventilation: Mechanical ventilation system and natural ventilation in place to reduce dust concentration; cleaning exhaust outlets regularly.
- Housekeeping and cleaning: Wet mopping the floor twice a day.

For fugitive gases such as VOCs, NO_x and SO₂ generated from fabric printing and tentering, these processes take place in isolation with indoor working areas and the emission is treated by a purifier, so it will not affect the indoor air quality.

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The Group organises regular safety trainings for its employees such as fire safety education, fire-fighting equipment skills operation training and fire drills to raise employees' safety awareness. Electricians are provided with electrical safety training regularly. Every new employee receives safety trainings before taking up their duties, covering topics such as fire safety, electrical safety, machinery operation, and housekeeping rules. Fire drills are conducted regularly including evacuation and firefighting. During the Reporting Period, the Group organised fire safety training and fire safety drills at Zhucheng Yumin Knitting Co., Limited, Zhucheng Yuan Knitting Co., Limited and Yutai Knitting Company Limited respectively to further strengthen employees' awareness of fire safety and enhance their ability to respond to emergencies.



Fire safety education



Fire evacuation and escape drill



Fire-fighting equipment operation training and drills



Fire-fighting equipment operation training and drills

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Every year, employees would receive annual general medical examinations. New employees would be provided with pre-employment health assessments. If health problems are identified, the Group would discuss with employees whether reassignment of job position is necessary.

Regular occupational hazards assessments are conducted to identify hazards in the factories and to ensure the safety measures are implemented appropriately. Moreover, the Group regularly teams up with customers to conduct safety inspections as a courtesy of continuously driving improvements in safety management. Customers are invited by the Group to conduct safety inspections on areas that they are most interested in. The inspection usually covers safety production procedures, maintenance of safety equipment and fire safety. The Group maintains a safe environment and has passed all safety requirements set by the customers.

There were no work-related fatalities in the past three years (including the Reporting Period). During the Reporting Period, the number of lost days due to work injury was 675.50 days. During the Reporting Period, the Group was not subject to any punishment by the government and was not involved in any lawsuit and there were no cases of fatality. For more details on the Group's compliance with relevant laws and regulations, please refer to Appendix 1 of this Report.

Development and Training

The Group attaches great importance to talent development and is committed to providing a wide range of training programmes to help employees achieve personal improvement and a win-win situation for both the Group and the employees.

During the Reporting Period, the Group formulated and implemented a training plan for its employees as follows.

Table 5 2025 Training Plan

Training Period	Target Party	Training Content
Near March and September each year	New recruits in all factories	Introduction to the company, company welfare, safety and the company system
Off-season	Employees	Safety, fire and escape training
Off-season	Employees	Technical training, including professional knowledge and professional skills upgrading

In addition, the Group offers training to the Group's employees on topics such as legal, environmental and social responsibility, as follows.

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Table 6 The Targeted Party and Corresponding Areas of Training

Targeted Party	Areas of training
The heads of divisions	• Environmental protection • Social responsibility • Laws and regulations • Recruitment
The supervisors of production lines	• Social responsibility
The monitors of units of production lines	• Social responsibility

RESPONSIBLE ENTERPRISE

As a responsible enterprise, the Group is concerned and interested in the development of the communities in which the Group operates and actively contributes to them. The Group enhances community engagement through activities on compliance, engagement and community investment to convey the Group's warmth and social impact.

During the Reporting Period, the Group donated around RMB25,584 for community activities.

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APPENDIX 1 THE GROUP'S COMPLIANCE WITH THE MATERIAL LAWS AND REGULATIONS DURING THE REPORTING PERIOD

The Laws² and Regulations Corresponding to the Aspects in the ESG Code

Aspect A1: Emission

PRC

- *Environmental Protection Law of the People's Republic of China*
- *Environmental Protection Tax Law of the People's Republic of China*
- *Cleaner Production Promotion Law of the People's Republic of China*
- *Water Pollution Prevention and Control Law of the People's Republic of China*
- *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*
- *Soil Pollution Prevention and Control Law of the People's Republic of China*
- *Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise*
- *Discharge Standards of Water Pollutants for Dyeing and Finishing of Textile Industry*
- *Integrated Emission Standard of Air Pollutants*
- *Wastewater Quality Standards for Discharge to Municipal Sewers*
- *Standard for Pollution Control on Hazardous Waste Storage*
- *Standard for Pollution Control of for General Industrial Solid Waste Storage and Disposal Sites*

Myanmar

- *Environmental Conservation Law*

Aspect B1: Employment

PRC

- *Labour Law of the People's Republic of China*^{*B2, B4}
- *Labour Contract Law of the People's Republic of China*
- *Labour Dispute Mediation and Arbitration Law of the People's Republic of China*
- *Regulation on the Implementation of the Employment Contract Law of the People's Republic of China*
- *Regulation on Paid Annual Leave for Employees*

Myanmar

- *Myanmar Companies Law*^{*B4, B6}
- *Labour Organization Law*^{*B2, B4}
- *Settlement of Labour Dispute Law*
- *Employment and Skill Development Law*
- *Minimum Wage Law*
- *Payment of Wages Law*
- *Social Security Law*^{*B2, B4}

² Particular laws cover several issues provisioned in the Aspects; these laws are marked with an asterisk and codes of Aspects being covered.

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The Laws² and Regulations Corresponding to the Aspects in the ESG Code

Aspect B2: Health and Safety

PRC

- *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*
- *Work Safety Law of the People's Republic of China*
- *Provisions on the Supervision and Administration of Occupational Health at Work Sites*
- *Regulation on Work-Related Injury Insurance*

Aspect B4: Labour Standards

PRC

- *Law of the People's Republic of China on the Protection of Minors*
- *Provisions on the Prohibition of Using Child Labour*

Aspect B6: Product Responsibility

PRC

- *Trademark Law of the People's Republic of China*
- *Product Quality Law of the People's Republic of China*
- *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*
- *Regulation on the Implementation of the Trademark Law of the People's Republic of China*

Aspect B7: Anti-corruption

PRC

- *Criminal Law of the People's Republic of China*
- *Anti-Money Laundering Law of the People's Republic of China*
- *Company Law of the People's Republic of China*

Myanmar

- *Anti-corruption Law*

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APPENDIX 2 PERFORMANCE DATA

Environmental Performance

Air Emissions

Air emissions³		Unit	2025	2024	2023
Sulphur oxides (SO _x)	Amount	Kg	1.21	1.26	1.61
Nitrogen oxides (NO _x)	Amount	Kg	1,049.33	1,048.77	1,418.76
Particulate matter (PM)	Amount	Kg	18.88	18.56	41.15

³ The emission sources reported include combustion of fossil fuels from vehicles in the PRC and Myanmar, non-road mobile sources and cooking in the PRC. The estimation of emissions is based on the methods and emission factors provided in the *Road Vehicles Air Pollutant Emission Inventory Preparation Technical Guide (Trial)*, the *Non-road Mobile Source Air Pollutant Emission Inventory Preparation Technical Guide (Trial)* and the *Manual on Methods and Factors for Accounting for Outputs and Discharges from Statistical Source Surveys* published by the Ministry of Ecology and Environment of the PRC.

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GHG Emissions

GHG emissions ⁴		Unit	2025	2024	2023
Scope 1 Direct emissions ⁵	Amount	Tonnes CO ₂ e	665.52	669.25 ⁶	614.11
	Intensity ⁷	Tonnes CO ₂ e per RMB million revenue	1.53	1.44 ⁸	1.21
Scope 2 Indirect emissions ⁹	Amount	Tonnes CO ₂	1,9811.03	22,459.19	22,844.59
	Intensity	Tonnes CO ₂ per RMB million revenue	45.53	46.15	44.91

⁴ The scope 3 other indirect emissions data has not yet collected by the Company. In the future, the Company will continue to improve the Scope 3 (other indirect emissions) data collection and management system, so as to enhance the disclosure content in a timely manner.

⁵ The scope 1 GHG emissions reported includes vehicles, non-road mobile sources, cooking, and refrigerants in the PRC, and vehicles in Myanmar. The calculation of scope 1 emissions is based on the *Guidelines for Calculation Method and Reporting Guidance on Greenhouse Gas Emissions for On-road Transportation Enterprises (Trial)*, the *Reporting Guidance on Greenhouse Gas Emissions for Other Industrial Enterprises (Trial)*, published by National Development and Reform Commission of the PRC.

⁶ The Scope 1 Direct emissions amount for the year of 2024 have been revised from 247.37 Tonnes CO₂e to 669.25 Tonnes CO₂e.

⁷ The environmental intensity is calculated based on the Group's revenue. The Group's revenue for 2025 is RMB434.047 million.

⁸ The Scope 1 Direct emissions intensity for the year of 2024 have been revised from 0.51 Tonnes CO₂e per RMB million revenue to 1.44 Tonnes CO₂e per RMB million revenue.

⁹ The scope 2 GHG emissions reported includes the electricity and steam consumed in the PRC and the electricity consumed in Myanmar. The calculation of the GHG emission from purchased steam is based on the *Reporting Guidance on Greenhouse Gas Emissions for Other Industrial Enterprises (Trial)* by the National Development and Reform Commission of the PRC. The estimation of scope 2 emissions for purchased electricity in China in 2025 is based on the emission factors from the *Notice on the Preparation of the Greenhouse Gas Emission Reporting and Management Work for Electricity Generation Industry in 2023-2025* issued by the Ministry of Ecology and Environment of the PRC. The scope 2 emissions for purchased electricity in Myanmar is estimated according to the *GHG Protocol tool for Stationary Combustion published by World Resources Institute*.

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Wastewater

	Unit	2025	2024	2023
Amount of discharged wastewater	Tonnes	525,679	511,283	443,067
Contaminants in wastewater	Average COD concentration ¹⁰	72.40	93.80	70
	Average ammonia nitrogen concentration ¹¹	1.11	2.28	4.17

Hazardous and Non-Hazardous Wastes

	Unit	2025	2024	2023
Hazardous waste				
Sludge	Tonnes	154.75	182.67	201.00
Inner packaging bags for dyeing auxiliaries	Tonnes	0.02	0.04	0.03
Total amount of hazardous waste generated	Tonnes	154.77	182.71	201.03
Intensity of total hazardous waste generated	Tonnes per RMB million revenue	0.36	0.38	0.40
Non-hazardous waste				
Waste paper ¹²	Tonnes	3.21	3.32	3.19
Domestic waste	Tonnes	133.60	11.40	12.45
Total amount of non-hazardous waste generated	Tonnes	16.81	14.72	15.64
Intensity of total non-hazardous waste generated	Tonnes per RMB million revenue	0.03	0.03	0.03

¹⁰ COD is an important parameter in measuring wastewater quality, reflecting the capacity of water to consume oxygen during the decomposition of organic matter. The concentration of COD discharged shall not exceed 200 mg/L according to the requirement provisioned by the local authority.

¹¹ The concentration of ammonia nitrogen in wastewater shall not exceed 20 mg/L according to the requirement provisioned by the local authority.

¹² The amount shown in this Report is estimated from the paper usage.

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Energy Consumption

Energy consumption	Unit	2025	2024	2023
Direct energy consumption				
Gasoline ¹³	MWh	290.57	342.37	410.12
Diesel ¹³	MWh	439.31	421.09	563.83
Natural gas ¹⁴	MWh	203.88	243.62	227.49
Total consumption of direct energy	MWh	933.76	1,007.07	1,201.45
Intensity of total consumption of direct energy	MWh per RMB million revenue	2.15	2.07	2.36
Indirect energy consumption				
Electricity	MWh	8,955.87	9,121.43	9,553.00
Steam ¹⁵	MWh	38,377.19	44,724.63	44,438.81
Total consumption of indirect energy	MWh	47,293.06	53,846.06	53,991.80
Intensity of total consumption of indirect energy	MWh per RMB million revenue	108.96	110.64	106.15

¹³ The reporting scope of gasoline and diesel consumption from the vehicles used in the PRC and Myanmar, and non-road mobile sources in the PRC.

¹⁴ The reporting scope of natural gas consumption includes factories with canteens in the PRC. No natural gas is used during the operation in Myanmar.

¹⁵ No steam is purchased and consumed during the operation in Myanmar.

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Water Consumption

	Unit	2025	2024	2023
Total Consumption ¹⁶	Tonnes	658,753	570,175	463,081
Fresh water consumption	Tonnes	592,833	570,175	463,081
Recycled water consumption	Tonnes	65,920	0	0
Intensity	Tonnes per million RMB revenue	1,517.70	1,172.52	910.46

Social Performance

Number and Turnover Rate¹⁷ of Employees

		Workforce	Turnover rate
By gender	Male	420	20.90%
	Female	1,932	9.68%
By employment type	Full-time	2,352	—
	Part-time	0	—
By age group	30 or below	887	14.63%
	31 – 40	727	8.55%
	41 – 50	536	9.15%
	51 or above	202	17.89%
By geographical region	PRC	1,345	13.73%
	Myanmar	1,007	9.36%

¹⁶ The reporting scope includes water consumption by the factories in the PRC and Myanmar for operation and employees' drinking.

¹⁷ The calculation method for the turnover rate is: Turnover rate (per category) = Employees in the specified category leaving employment/(Number of employees in the specified category by the end of the Reporting Period + Employees in the specified category leaving employment).

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The Employees Trained

		Number of employees trained	Percentage of employees trained¹⁸
By gender	Male	211	14.38%
	Female	1,256	85.62%
By employee category	Senior management	5	0.34%
	Middle management	47	3.20%
	General employee	1,415	96.46%

Total Training hours and Average Training Hours per Employee

		Total training hours	Average training hours per employee
By gender	Male	880	2.10
	Female	3,142	1.63
By employee category	Senior management	89.50	12.80
	Middle management	377.50	5.90
	General employee	3,555	1.56

¹⁸ The calculation method for percentage of employees trained is: the percentage of employees trained in the specified category = number of employees in the specified category who took part in training/number of employees who took part in training.

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Number of Suppliers by Geographical Region

Geographical Regions		Numbers of Suppliers		Total
		Raw material suppliers	Packaging material suppliers	
Mainland China	Shandong Province	111	157	268
	Jiangsu Province	36	15	51
	Zhejiang Province	18	16	34
	Guangdong Province	4	13	17
	Shanghai	8	28	36
	Other places in Mainland China	12	11	23
Myanmar		27	12	39
Hong Kong		1	1	2
Japan		4	8	12

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APPENDIX 3 ESG CODE CONTENTS INDEX

Subject Areas, Aspects, General Disclosures and KPIs		
Mandatory Disclosure Requirements		Section/Reasons for Omissions
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) 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 (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	ESG Management
Reporting Principles	A description of, or an explanation on, the application of the Reporting Principles in the preparation of the ESG report	Basis of Preparation
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. If there is a change in the scope, the issuer should explain the difference and reason for the change	Reporting Boundary

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Subject Areas, Aspects, General Disclosures and KPIs		
A. Environment	“Comply or explain” Provisions	Section/Reasons for Omissions
Aspect A1: Emission	General Disclosure	Appendix 1 Environmental Policy
	Information on:	
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer	
	relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	
	Note: Air emissions include NO _x , SO _x , and other pollutants regulated under national laws and regulations.	Appendix 2 Environmental performance
	Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.	
	Hazardous wastes are those defined by national regulations.	
	KPI A1.1 The types of emissions and respective emissions data.	
	KPI A1.2 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
	KPI A1.3 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix 2 Environmental performance
	KPI A1.4 Description of emissions target(s) set and steps taken to achieve them.	Environmental Impacts
	KPI A1.5 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Impacts

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Subject Areas, Aspects, General Disclosures and KPIs		
A. Environment	“Comply or explain” Provisions	Section/Reasons for Omissions
Aspect A2: Use of Resources	General Disclosure	Conserving Resources
	Policies on the efficient use of resources, including energy, water and other raw materials.	
	Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	
	KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Appendix 2 Environmental performance
	KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix 2 Environmental performance
	KPI A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Conserving Resources
Aspect A3: The Environment and Natural 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 Resources
	KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Conserving Resources
	General Disclosure	Responsible for Environment
	Policies on minimising the issuer’s significant impact on 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.	

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Subject Areas, Aspects, General Disclosures and KPIs		
B. Social	"Comply or explain" Provisions	Section/Reasons for Omissions
Employment and Labour Practices		
Aspect B1: Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare KPI B1.1 Total workforce by gender, employment type, age group and geographical region. KPI B1.2 Employee turnover rate by gender, age group and geographical region.	Appendix 1 Employment and Labour Standards
Aspect B2: Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. KPI B2.2 Lost days due to work injury. KPI B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	Appendix 1 Health and Safety

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Subject Areas, Aspects, General Disclosures and KPIs		
B. Social	“Comply or explain” Provisions	Section/Reasons for Omissions
Aspect B3: Development and Training	General Disclosure	Development and Training
	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	
	Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	
	KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	
	KPI B3.2 The average training hours completed per employee by gender and employee category.	
Aspect B4: Labour Standards	General Disclosure	Appendix 1 Employment and Labour Standards
	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.	
	KPI B4.1 Description of measures to review employment practices to avoid child and forced labour.	
	KPI B4.2 Description of steps taken to eliminate such practices when discovered.	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs

B. Social	"Comply or explain" Provisions	Section/Reasons for Omissions
Operating Practices		
Aspect B5: Supply Chain Management	General Disclosure	Appendix 2
	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
	KPI B5.1 Number of suppliers by geographical region.	
	KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	
	KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	
	KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B. Social	Subject Areas, Aspects, General Disclosures and KPIs	Section/Reasons for Omissions
Aspect B6: Product Responsibility	“Comply or explain” Provisions	
	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. KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons. KPI B6.2 Number of products and service related complaints received and how they are dealt with. KPI B6.3 Description of practices relating to observing and protecting intellectual property rights. KPI B6.4 Description of quality assurance process and recall procedures. KPI B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	Appendix 1 Product Responsibility

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs		
B. Social	"Comply or explain" Provisions	Section/Reasons for Omissions
Aspect B7: Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. KPI B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases. KPI B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored. KPI B7.3 Description of anti-corruption training provided to directors and staff.	Appendix 1 Anti-corruption

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs		
B. Social	"Comply or explain" Provisions	Section/Reasons for Omissions
Community		
Aspect B8: Community Investment	General Disclosure	Responsible Enterprise
	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.	
	KPI B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	
	KPI B8.2 Resources contributed (e.g. money or time) to the focus area.	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate-Related Disclosures	Subject Areas, Aspects, and General Disclosures “Comply or Explain” Provisions	Section/Reasons for Omissions
Aspect 1: Governance	(a) An issuer shall disclose information about the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. (b) An issuer shall disclose information about management’s role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	ESG Management
Aspect 2: Strategy	Climate-related risks and opportunities Business model and value chain Strategy and decision-making Climate resilience	Addressing Climate Change
Aspect 3: Risk Management	(a) An issuer shall disclose information about the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks. (b) The processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities). (c) The extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer’s overall risk management process.	Addressing Climate Change

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, and General Disclosures		
Climate-Related Disclosures	“Comply or Explain” Provisions	Section/Reasons for Omissions
Aspect 4: Metrics and Targets	Greenhouse gas emissions	Appendix 2
	Climate-related transition risks	Commercially sensitive exemption
	Climate-related physical risks	Commercially sensitive exemption
	Climate-related opportunities	Commercially sensitive exemption
	Capital deployment	Not applicable ¹⁹
	Internal carbon pricing	The Group has not yet implemented internal carbon pricing
	Remuneration	The Group has not yet incorporated climate-related performance into its remuneration policy
	Industry benchmarks	Not applicable ²⁰
	Climate-related targets	Environmental Impacts

¹⁹ The Company does not account for capital expenditure, financing, or investments related to climate-related risks and opportunities during the Reporting Period. In the future, the Company will continue to refine its internal data collection processes to provide relevant quantitative disclosures.

²⁰ The Company is listed on the Hong Kong Stock Exchange, with its principal operations located in Mainland China, Hong Kong and Myanmar. Consequently, reporting is currently primarily conducted in accordance with the industry disclosure requirements of the jurisdictions in which it operates. Moving forward, the Company will continue to assess the relevance and applicability of international industry benchmarks to its business operations, with a view to enhancing disclosure content as appropriate.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board is pleased to present this report in the Group's annual report for the year ended 31 December 2025.

The Company places high value on its corporate governance practice and the Board firmly believes that a good corporate governance practice can improve accountability and transparency for the benefit of its Shareholders. The Company has adopted the code provisions (the "**Code Provision(s)**") and certain recommended best practices contained in the Corporate Governance Code (the "**CG Code**"), as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), as the code of the Company. The Board also reviews and monitors the practices of the Company from time to time with an aim to maintaining and improving high standards of corporate governance practices. During the year ended 31 December 2025, the Company has complied with the Code Provisions set out in the CG Code.

BOARD

Responsibilities

The Board is responsible for leading and controlling the Company and overseeing the Group's businesses, strategic decisions and financial performance as well as its overall corporate governance functions. The management is delegated the authority and responsibility by the Board for the management of the Group under the leadership of the chairman. In addition, the Board has also delegated various responsibilities to the Audit Committee, the Remuneration Committee and the Nomination Committee (collectively, the "**Committees**"), which assist the Board in discharging its duties and overseeing particular aspects of the Group's activities.

The types of decisions made by the Board include, among others, determining the Group's mission and corporate policy, providing its strategic direction and is responsible for the approval of strategic plans, approving the Company's financial statements, interim and annual reports, determining director selection, orientation and evaluation as well as regularly evaluating its own performance and effectiveness.

The day-to-day management, administration and operation of the Company are delegated to the senior management, with division heads responsible for different aspects of the business.

Major corporate matters that are specifically delegated by the Board to the senior management include preparation of interim and annual reports and announcements, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures and compliance with relevant laws, rules and regulations.

The Board is also responsible for performing the corporate governance duties of the Company including: (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 and compliance manual (if any) applicable to employees and the Directors; and (e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

During the Year under Review, the Board reviewed the Company's compliance with the CG Code and the applicable statutory and regulatory requirements. The Group has complied with all major aspects of laws and regulations that are significant to its business operations, and there were no threatened or concluded cases of material nature in connection with legal compliance during the Year under Review.

Composition

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making.

The Board currently comprises three executive Directors, namely Mr. Wang Bin, Mr. Du Shuwei and Mr. Shu Dakun, one non-executive Director, namely Mr. Zhang Yanlin and three independent non-executive Directors, namely Mr. Xu Dunkai, Ms. Zhao Waihong and Mr. Zheng Bing. The biographies of the Directors are set out under the section headed "Biographies of Directors and Senior Management" of this annual report.

The independent non-executive Directors bring a wide range of business and financial expertise, experience and independent judgment to the Board. Through active participation in Board meetings, taking the lead in managing issues involving potential conflict of interests and serving on Board committees, all non-executive Directors make various contributions to the effective direction of the Company.

The Board is also characterised by significant diversity in areas of gender, professional backgrounds and skills. The Board formalised its existing diversity through the introduction of a board diversity policy, which is expected to bring further diversity in respect of business and financial experience to the Board for contributing to the effective direction of the Board.

The Nomination Committee will review 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. During the Year under Review and up to the date of this report, the Nomination Committee considered that the Board Diversity Policy remain effective and appropriate for the Company.

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 will also take 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.

Save as disclosed in the section headed "Biographies of Directors and Senior Management" on pages 18 to 22 of this report, the Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced board composition is formed to ensure that strong independence exists across the Board.

During the year ended 31 December 2025 and up to the date of this report, the Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

CORPORATE GOVERNANCE REPORT

The Company has received annual confirmations of independence from the three independent non-executive Directors. The Board has assessed their independence and is satisfied that all the independent non-executive Directors are in full compliance with the independence guidelines set out in Rule 3.13 of the Listing Rules.

The non-executive Director, namely Mr. Zhang Yanlin entered a service contract with the Company for an initial term of three years commencing from 12 October 2016, which shall be renewed and extended automatically by three years on the expiry of such initial term or at any time thereafter. The independent non-executive Directors, namely Mr. Xu Dunkai, Ms. Zhao Waihong and Mr. Zheng Bing, entered a service contract with the Company for an initial term of three years commencing from 12 October 2016, 30 September 2020 and 1 August 2023, respectively. The non-executive Directors and the independent non-executive Directors are also subject to retirement from office by rotation and is eligible for re-election in accordance with the provisions of the Company's articles of association. At every 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. As such, the Company considers that such provisions are sufficient to meet the underlying objectives of the relevant provisions of the CG Code.

Training for Directors

Every newly appointed Director shall receive an information package from the Company on the first occasion of his appointment. This information package is a comprehensive, formal and tailored induction on the responsibilities and on-going obligations to be observed by the Director. In addition, the package includes materials on the operations and business of the Group. The Company will subsequently arrange for a briefing as is necessary to ensure that the newly appointed Directors have a proper understanding of the business and operations of the Group and that they are aware of their responsibilities under the relevant laws, rules and regulations.

The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, Directors are encouraged to enroll in and attend a wide range of professional development courses and seminars relating to the Listing Rules and corporate governance practices organised by professional bodies so that they can continuously update and further improve their relevant knowledge and skills. From time to time, Directors are provided with written training materials to develop and refresh their professional skills.

According to the records maintained by the Company, all the Directors received trainings in the form of reading written materials and/or attending seminars with an emphasis on the roles, functions and duties of a director of a listed company in compliance with Code C.1 of the Code Provisions and participated in continuous professional development as required under Rules 3.09F and 3.09G of the Listing Rules during the year ended 31 December 2025.

Board meetings

Board meetings are held regularly, at least four times a year at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company. The attendance record of each member of the Board is set out in the section headed "Board Committees".

CORPORATE GOVERNANCE REPORT

All Directors have access to the advice and services of the Company Secretary. All Directors have access to the senior management for enquiries and information when required. The Directors, upon reasonable requests, may also seek independent professional advice at the Company's expense.

The Board is of the view that the following mechanisms adopted by the Company are effective in ensuring that independent views and inputs are available to the Board:

- The Board is represented by sufficient number of non-executive Directors which meets the requirement of the Listing Rules.
- In assessing suitability of the Director candidates, the Board will consider their profiles, including their character, experience, qualifications and time commitment; the Board will also consider the Board's overall composition and skill matrix as well as the Company's diversity policy.
- The Board will review each Director's time commitment to the Company's business annually.
- The Board will assess non-executive Directors' independence upon appointment and annually.
- Directors are required to abstain from voting in matters in which he has material interest.
- The Audit Committee, the Nomination Committee and the Remuneration Committee are authorised by the Board to obtain outside legal or other independent professional advice as necessary to assist the respective committee.

The quality of deliberations at meetings of the Board are reviewed during the annual evaluation of the Board's performance.

Practices and conduct of meetings

Draft agenda of all Board meetings are made available to the Directors in advance.

Where practicable, notices of regular Board meetings and Committee meetings are served on all Directors at least 14 days before the meetings. Board papers are sent to all Directors at least three days before each Board meeting or Committee meeting to keep the Directors apprised of the latest developments and the financial position of the Company and to enable them to make informed decisions.

The Company Secretary is responsible for keeping minutes of all Board meetings and Committee meetings. Draft minutes are normally circulated to the Directors for comments within a reasonable time after each meeting and the final version is open for Directors' inspection.

According to current Board practice, any material transaction involving conflict of interests of a substantial shareholder or a Director will be considered and dealt with by the Board at a duly convened Board meeting. The Company's articles of association also contain a provision requiring the Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates (as defined under the Listing Rules) have a material interest.

CORPORATE GOVERNANCE REPORT

Directors and officers liability insurance

Liability insurance for Directors and senior management of the Company was arranged by the Company with appropriate coverage for certain legal liabilities which may arise in the course of performing their duties.

Corporate governance functions

The Board has adopted the terms of reference on corporate governance functions. The terms of reference of the Board in respect of corporate governance function are summarised as follows:

- (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 Directors and senior management;
- (c) to review and monitor the Company's policies and practices to ensure compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (e) to review the Company's compliance with the Code Provisions and its disclosure requirements in the Corporate Governance Report.

The work performed by the Board on corporate governance functions during the year ended 31 December 2025 included developing and reviewing the Company's policies on corporate governance and making recommendations.

Model Code for Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding dealings in the securities of the Company by the Directors and the Company's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company's securities. The Company confirms that, having made specific enquiry of all the Directors, the Directors have complied with the required standards as set out in the Model Code during the year ended 31 December 2025. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Company during the year ended 31 December 2025.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

The Board established the Audit Committee and Remuneration Committee on 19 August 2011 and the Nomination Committee on 27 March 2012 with clearly-defined written terms of reference. The main roles and responsibilities of the Committees, including all authorities delegated to them by the Board, are set out in the respective terms of reference or amended and restated terms of reference, where applicable. The independent views and recommendations of the Committees ensure proper control of the Group and the continual achievement of high corporate governance standards expected of a listed company. The chairman of each Committee reports the outcome of the Committee's meetings to the Board for further discussions and approvals.

The majority of the members of each Committee are independent non-executive Directors. The Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice at the Company's expenses.

The individual attendance records of each Director at the meetings of the Board, Audit Committee, Remuneration Committee, Nomination Committee and general meeting during the year ended 31 December 2025 are set out below:

	Number of meetings attended/held				Annual General Meeting
	Board	Audit Committee	Remuneration Committee	Nomination Committee	

Executive Directors					
Mr. Wang Bin	4/4	–	–	2/2	1/1
Mr. Du Shuwei	4/4	–	–	–	1/1
Mr. Shu Dakun	4/4	–	2/2	–	1/1
Non-executive Director					
Mr. Zhang Yanlin	4/4	–	–	–	1/1
Independent non-executive Directors					
Mr. Xu Dun Kai	4/4	4/4	2/2	–	1/1
Ms. Zhao Weihong	4/4	4/4	–	2/2	1/1
Mr. Zheng Bing	4/4	4/4	2/2	2/2	1/1

CORPORATE GOVERNANCE REPORT

Audit Committee

The Audit Committee comprises solely independent non-executive Directors, namely, Mr. Zheng Bing, Mr. Xu Dunkai and Ms. Zhao Weihong. Ms. Zhao Weihong has become a member of the Audit Committee since her appointment as an independent non-executive Director on 30 September 2020. The Audit Committee is chaired by Mr. Zheng Bing who possesses the appropriate professional qualifications and extensive experience in, and knowledge of, finance and accounting as required under Rule 3.10 of the Listing Rules. All Audit Committee members hold the relevant industry and financial experience necessary to advise the Board on strategies and other related matters. None of the Audit Committee members is a former partner of the Company's existing external auditors.

The Audit Committee is responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of those auditors; monitoring the integrity of the financial statements, the annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained in them; and reviewing the financial controls, internal control and risk management systems.

The Group's audited financial statements and annual report for the year ended 31 December 2025 had been reviewed by the Audit Committee, which was of the opinion that the preparation of such statements and report complied with the applicable accounting standards and requirements and that adequate disclosure had been made.

The Audit Committee has not taken any different view from the Board regarding the selection, appointment, resignation or dismissal of the external auditors.

At the committee meeting held on 31 March 2025, the Audit Committee concluded that it was satisfied with its review of the audit fee, process and effectiveness, independence and objectivity of SHINEWING (HK) CPA Limited. The Audit Committee has therefore made the recommendation to the Board that SHINEWING (HK) CPA Limited be re-appointed as the Group's external auditors at the forthcoming annual general meeting.

The Audit Committee met two times during the year ended 31 December 2025, in which the Audit Committee members reviewed the Company's internal controls and risk management process, financial reporting and compliance procedures and financial results and reports and assessed the external auditors for re-appointment. The Audit Committee meeting was attended by the Audit Committee members, the chief financial officer and the external auditors. The attendance record of each member of the Audit Committee is set out in the section headed "Board Committees" alone.

CORPORATE GOVERNANCE REPORT

Remuneration Committee

The Remuneration Committee comprises two independent non-executive Directors, namely Mr. Xu Dunkai and Mr. Zheng Bing, and one executive Director, Mr. Shu Dakun. The Remuneration Committee is chaired by Mr. Xu Dunkai. The Remuneration Committee is responsible for, among other functions, making recommendations to the Board on the policy and structure for all remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; determining the specific remuneration packages of all the executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and making recommendations to the Board of the remuneration of the non-executive Directors; reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time; and reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

The Remuneration Committee met two times during the year ended 31 December 2025, in which the Remuneration Committee members reviewed the existing remuneration policy and structure of the Company and the remuneration packages and discretionary bonus of the Directors and senior management for 2025 and made recommendations to the Board to approve the proposals on the fees of the independent non-executive Directors. The attendance record of each member of the Remuneration Committee is set out in section headed “Board Committees”.

For the year ended 31 December 2025, the remuneration of the senior management (excluding Directors) is listed as below by band:

Band of remuneration	No. of persons
Below RMB500,000	8
RMB500,001 to RMB1,000,000	6
RMB1,000,001 to above	2

Further details of the remuneration of Directors and five highest paid employees have been set out in notes 4 and 12 to the consolidated financial statements.

Nomination Committee

The Nomination Committee comprises two independent non-executive Directors, namely, Ms. Zhao Weihong and Mr. Zheng Bing, and one executive Director, Mr. Wang Bin. The Nomination Committee is chaired by Mr. Wang Bin.

CORPORATE GOVERNANCE REPORT

The Nomination Committee is responsible for formulating the nomination policy for consideration of the Board and implementing the nomination policy laid down by the Board; reviewing the structure, size and composition of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; identifying and nominating individuals suitable qualified to become the members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of independent non-executive Directors; making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors; and conforming to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the memorandum and articles of association of the Company or imposed by legislation.

During the year ended 31 December 2025, two meetings were held by the Nomination Committee. The major work performed by the Nomination Committee during the year included reviewing the Nomination Committee's terms of reference, proposing appointment of Directors, reviewing the policy relating to term of appointment of the independent non-executive Directors, and recommending to the Board for approval of the continuation of the independent non-executive Directors' term of appointment. The attendance record of each member of the Nomination Committee is set out in the section headed "Board Committees".

The Group adopted a nomination policy (the "**Nomination Policy**") on 23 January 2019. A summary of this policy is disclosed as below:

Selection Criteria

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
- 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

CORPORATE GOVERNANCE REPORT

Nomination Process

(a) Appointment of New Director

- (i) The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, redesignation, 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.

(b) Re-election of Director 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.

CORPORATE GOVERNANCE REPORT

Company Secretary

The Company Secretary, namely Mr. Lee Yin Sing, is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. The Company Secretary reports to the chairman of the Board and is responsible for advising the Board on governance matters. The Company Secretary has confirmed that he has taken no less than 15 hours of relevant professional training during the year ended 31 December 2025. The details of the Company Secretary are set out under the section headed "Biographies of Directors and Senior Management" of this annual report.

Workforce diversity

As at 31 December 2025, the Group had a total workforce of 2,181 employees (excluding senior management), of which 17.9% (420) are males, and 82.1% (1,932) are females. As at the date of this report, among the senior management team of eight members, 75.0% (6) are males and 25.0% (2) are females.

While we believe our future employee recruitment should predominantly be merit-based and do not consider it appropriate to set any target gender ratio for our workforce, we recognize and embrace the benefits of having a diverse workforce, and will continue to enhance the diversity of our workforce, subject to availability of suitable candidates.

RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The senior management has provided such explanation and information to the Board so as to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The Board is responsible for presenting a clear and balanced view of the Company's annual and interim reports, inside information announcements, disclosures required under the Listing Rules, and other regulatory requirements. The Directors acknowledge their responsibility for preparing the consolidated financial statements for the year ended 31 December 2025.

AUDITORS' REMUNERATION

During the Year under Review, the remuneration paid/payable to the external auditors of the Company in respect of statutory audit service and agreed-upon procedures were approximately RMB918,000 and RMB223,000, respectively.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for risk management and internal control of the Group and for reviewing its effectiveness. The Board requires the senior management to establish and maintain sound and effective risk management and internal control.

CORPORATE GOVERNANCE REPORT

Processes used to identify, evaluate and manage significant risks

The processes used to identify, evaluate and manage significant risks by the Group are summarised as follows:

Risk Identification

- Identifies risks that may potentially affect the Group's business and operations.

Risk Assessment

- Assesses the risks identified by using the assessment criteria developed by the management; and
- Considers the impact and consequence on the business and the likelihood of their occurrence.

Risk Response

- Prioritises the risks by comparing the results of the risk assessment; and
- Determines the risk management strategies and internal control processes to prevent, avoid or mitigate the risks.

Risk Monitoring and Reporting

- Performs ongoing and periodic monitoring of the risk and ensures that appropriate internal control processes are in place;
- Revises the risk management strategies and internal control processes in case of any significant change of situation; and
- Reports the results of risk monitoring to the management and the Board regularly.

Main features of the risk management and internal control systems

The internal control framework includes central direction, resources allocation and risk management of the activities of various business units, supported by the human resources, information systems and financial practice. As such, the Group has a clear organisational structure including appropriate segregation of duties and reporting systems. Limits of authorities have been established. Starting from the top, there is a list of matters reserved for Board approval. In carrying out key functions, senior management personnel are assigned levels of authority and accountability commensurate with their positions and duties. There are also relevant policies and procedures applicable to all business units to guide their business operations. All business units are required to produce annual budgets for the senior management's approval. The heads of all business units are required to assess the risk factors attributed to their businesses. In addition, all business units shall submit monthly management reports with comparisons between actual and budget results and give explanations and solutions for major variances.

CORPORATE GOVERNANCE REPORT

Control procedures have been designed to safeguard assets against misappropriation and disposition; ensure compliance with relevant laws, rules and regulations; ensure proper maintenance of accounting records for provision of reliable financial information used within the business or for publication; and to provide reasonable assurance against material misstatement, loss or fraud.

Processes used to review the effectiveness of the risk management and internal control systems and to resolve material internal control defects

The Company does not have an internal audit function and is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. It was decided that the Board would be directly responsible for internal control of the Group and for reviewing its effectiveness.

Extensive financial controls, procedures, self-assessment exercises and risk activities are reviewed by the Group's finance department, which is responsible for reviewing the Group's internal control systems, operational efficiency and compliance with the policies and procedures on a regular basis, and ensuring the existence of an effective internal control system in all business units. The finance department performs independent reviews of risks associated with and controls over principal operations and critical applications, and reports to the Audit Committee with its findings and makes recommendations to improve the internal controls of the Group.

All key controls within the framework will be tested periodically by the finance department. External auditors will also test key controls for those processes which are most critical to producing complete and accurate financial reports. Semi-annual confirmations from chief executives of principal subsidiaries are obtained as to whether the internal controls are working properly and if any remedial actions are required on areas where control weaknesses are noted. External auditors also advise the senior management on whether the controls are in place and effective to ensure a proper financial controlling and reporting process of the Group.

The Board convened meetings periodically to discuss business risks, financial risks, compliance risks and operation and other risks. The Board, through the Audit Committee, has conducted a review of the effectiveness of the internal control system of the Group, covering all material controls such as financial, operational and compliance controls and risk management functions, and considered that the internal control system and procedures of the Group, including the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, and their training programs and budget, are adequate and effective and have complied with the provisions of the Corporate Governance Code during the year.

The Board has engaged APAC Compliance Consultancy and Internal Control Services Limited as its risk management and internal control review adviser (the "IC Adviser") to conduct the annual review of the risk management and internal control systems for the year ended 31 December 2025. Such review is conducted annually and cycles reviewed are under rotation basis. The scope of review was previously determined and approved by the Board. The IC Adviser has reported findings and areas for improvement to the Audit Committee and management. The Audit Committee are of the view that there are no material internal control defeats noted. All recommendations from the IC Adviser are properly followed up by the Group to ensure that they are implemented within a reasonable period of time. The Board therefore considered that the risk management and internal control systems are effective and adequate.

CORPORATE GOVERNANCE REPORT

Procedures and internal controls for the handling and dissemination of inside information

The Company's general counsel assesses the likely impact of any unexpected and significant event that may impact the price of the Shares or their trading volume and decides whether the relevant information is considered inside information and needs to be disclosed as soon as reasonably practicable pursuant to Rules 13.09 and 13.10 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 572 of the laws of Hong Kong) (the "**SFO**"). Executive Directors and General Counsel also may have responsibility for approving certain announcements and/or circulars to be issued by the Company under powers delegated by the Board from time to time.

COMMUNICATIONS WITH SHAREHOLDERS

The Group reports to its shareholders twice a year. Interim and annual results are announced as early as possible to keep shareholders informed of the Group's performance. The general meetings of the Company provide a forum for communication between the shareholders and the Board. All shareholders are encouraged to attend the annual general meeting to discuss the progress of the Group's business. The chairman of the Board and the chairmen of the Audit Committee, the Nomination Committee and the Remuneration Committee, or in their absence, other members of the respective Committees, and where applicable, the independent Board committee, are available to answer questions at the general meetings. Separate resolutions are proposed at the general meetings on each substantial issue, including re-election of Directors. The Company's website, which contains corporate information, interim and annual reports, announcements and circulars issued by the Company as well as the recent developments of the Group, enables the shareholders to access information on the Group on a timely basis.

During the year ended 31 December 2025, an annual general meeting of the Company was held on 23 May 2025 ("**2025 AGM**"). Notices, circulars and proxy forms in relation to the 2025 AGM were despatched to Shareholders in accordance with the Listing Rules, and the poll results were published on the websites of the Company and the Stock Exchange. All the Directors in office on the meeting date, including the Chairman and the Chairmen of the Audit Committee and other Board committees, attended the 2025 AGM along with key senior executives and the external auditor, and answered questions raised by Shareholders or their representatives at the meeting.

The Company also maintained ongoing communication with Shareholders through the regular publication of announcements, circulars, interim and annual reports and monthly returns on the websites of the Company and the Stock Exchange throughout 2025.

CORPORATE GOVERNANCE REPORT

Shareholders' Rights

Convening an extraordinary general meeting

Pursuant to article 10.3 of the articles of association of the Company, extraordinary general meetings of the Company (the “**EGM(s)**”) shall also be convened on the written requisition of any two or more members of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the nominal value of the issued shares in the Company which carries the right of voting at general meetings of the Company. The EGMs may also be convened on the written requisition of any one member of the Company which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the nominal value of the issued shares in the Company which carries the right of voting at general meetings of the Company.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionists(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the EGM in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed the them by the Company.

Putting enquiries to the Board

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available. Any such questions shall be first directed to the Company Secretary at the Company's head office and principal place of business in Hong Kong or the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Shareholders may at any time raise any enquiry in respect of the Company via email at the email address of the Company at ir@greatimeintl.com.

Shareholders are reminded to lodge their questions together with their detailed contact information in order to receive prompt response from the Company if it deems such response to be appropriate.

Putting forward proposals at Shareholders' meeting

Shareholders can put forward proposed resolutions at a general meeting of the Company by lodging a written notice of his/her/its proposal (“**proposed resolution**”) with his/her/its detailed contact information via email at the email address of the Company at ir@greatimeintl.com.

The identity of the shareholder and his/her/its request will be verified with the Company's branch share registrar in Hong Kong and upon confirmation by the branch share registrar that the request is proper and in order and made by a shareholder, the Board will determine in its sole discretion whether the proposed resolution may be included in the agenda for the general meeting to be set out in the notice of meeting.

CORPORATE GOVERNANCE REPORT

The notice period shall not be less than 21 days in writing if the proposed resolution requires approval by way of an ordinary resolution in an annual general meeting or a special resolution of the Company; and not less than 14 days in writing if the proposed resolution requires approval in meeting other than an annual general meeting or approval by way of a special resolution of the Company.

Shareholders may also lodge their proposed resolutions with the Company through the following means:

Hotline no.: 2818 1982

By post: Flat 13-16, 19/F, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong

The Board has reviewed the implementation and effectiveness of the above shareholders communication measures. Having considered the multiple channels of communication and engagement in place, it is satisfied that these measures were effective during the Year.

CONSTITUTIONAL DOCUMENTS

The Company's articles of association are available on the websites of the Company and the Stock Exchange. During the year ended 31 December 2025, there is no change in the Company's constitutional documents.

REPORT OF THE DIRECTORS

The Directors are pleased to present the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2025.

CORPORATE INFORMATION

The Company was incorporated in the British Virgin Islands with limited liability under the Business Companies Act of the British Virgin Islands (2004) on 8 December 2010.

PRINCIPAL ACTIVITIES

The principal activities of the Group are manufacturing of knitted fabrics and innerwear. Details of the principal activities of the Company's principal subsidiaries are set out in note 41 to the consolidated financial statements.

BUSINESS REVIEW

A fair review of the business of the Group as well as a discussion and analysis of the Group's performance during the year as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the laws of Hong Kong), including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report. These discussions form part of this Directors' report.

PERMITTED INDEMNITY

The articles of association of the Company provides that every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

A directors' liability insurance is in place to protect the Directors with appropriate coverage for certain legal liabilities which may arise in the course of performing their duties.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2025 and its state of affairs as at that date are set out in the consolidated financial statements on pages 104 to 111.

No interim dividend was paid during the year. The Directors did not recommend payment of a final dividend for the year ended 31 December 2025.

REPORT OF THE DIRECTORS

DIVIDEND POLICY

On 23 January 2020, the Board has approved and adopted a 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 confirms that all dividend decisions made are in line with the Company's dividend policy.

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on page 3 of this annual report. This summary does not form part of the audited consolidated financial statements.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that have significant impact on the business and operations of the Group.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTION SCHEME

As at 31 December 2025, the total number of issued shares was 494,335,330. 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 movements in the Company's share capital during the year are set out in note 31 to the consolidated financial statements.

The previous share option scheme of the Company adopted on 19 August 2011 expired on 23 November 2021. No option has been granted under the previous share option scheme. As at the date of this annual report, the Company has not adopted any other share scheme.

REPORT OF THE DIRECTORS

RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

At 31 December 2025, the Company's reserves available for distribution amounted to Nil (as at 31 December 2024: Nil).

DIRECTORS

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

	Length of Tenure	Current period of appointment
<i>Executive Directors</i>		
Mr. Wang Bin	9 years	October 2025 to October 2028
Mr. Du Shuwei	7 years	November 2024 to November 2027
Mr. Shu Dakun	2 years	August 2023 to August 2026
<i>Non-executive Director</i>		
Mr. Zhang Yanlin	9 years	October 2025 to October 2028
<i>Independent non-executive Directors</i>		
Mr. Xu Dunkai	9 years	October 2025 to October 2028
Ms. Zhao Weihong	5 years	September 2023 to September 2026
Mr. Zheng Bing	2 years	August 2023 to August 2026

In accordance with Article 14.2 and Article 14.18 of the Company's articles of association, Mr. Wang Bin, Mr. Zhang Yanlin, Mr. Xu Dunkai and Mr. Zheng Bing will retire and being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received from each independent non-executive Director an annual confirmation of his independence from the Group, and as at the date of this report still considers them to be independent pursuant to Rule 3.13 of the Listing Rules.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out on pages 19 to 23 of this annual report.

REPORT OF THE DIRECTORS

DIRECTORS' SERVICE CONTRACTS

Mr. Wang Bin, Mr. Du Shuwei and Mr. Shu Dakun entered into a service contract with the Company for an initial term of three years commencing from 12 October 2016, 1 November 2018 and 1 August 2023, respectively, which shall be renewed and extended automatically by three years on the expiry of such initial term or at any time thereafter. The non-executive Director, namely Mr. Zhang Yanlin entered into a service contract with the Company for an initial term of three years commencing from 12 October 2016, which shall be renewed and extended automatically by three years on the expiry of such initial term or at any time thereafter. The independent non-executive Directors, namely Mr. Xu Dunkai, Ms. Zhao Weihong and Mr. Zheng Bing, entered into a service contract with the Company for an initial term of three years commencing from 12 October 2016, 30 September 2020 and 1 August 2023, respectively.

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

DIRECTORS' REMUNERATION

The Board has the general power of determining the Directors' remuneration, subject to authorisation of the shareholders of the Company at the annual general meeting each year. The remuneration of the executive Directors is subject to review by the Remuneration Committee, and their remuneration is determined with reference to the Directors' qualifications, experience, duties, responsibilities and performance and results of the Group. As for the non-executive Directors and independent non-executive Directors, their remuneration is determined by the Board, upon recommendation from the Remuneration Committee. Details of the emoluments of the Directors and the five highest paid individuals are set out in notes 11 and 12, respectively, to the consolidated financial statements.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Except for the service contracts and the Share Option Scheme as disclosed in this annual report, there were no transactions, arrangements, or contracts of significance in relation to the business of the Group, to which the Company, its parent company, its subsidiaries or fellow subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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

As at 31 December 2025, the Directors and the chief executive of the Company did not have any interests and short positions in the Company's shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO, as recorded in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

REPORT OF THE DIRECTORS

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, the Company, its parent company, or any of its subsidiaries or fellow subsidiaries did not, at any time during the year ended 31 December 2025 and up to the date of this annual report, enter into any arrangements, which would enable the Directors, their respective spouses or any of their minor children, to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, and neither the Directors, their respective spouses nor their minor children, had been granted any rights or exercised such rights to subscribe for securities of the Company.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as the Directors are aware of as at 31 December 2025, the following persons/entities other than a Director or the chief executive of the Company had interests or short positions in the Shares and underlying Shares, which would fall to be 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 of the Company required to be kept under section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the issued voting shares of the Company or any other members of the Group:

Name	Capacity	Number of shares ⁽¹⁾	Approximate percentage of shareholding
Junfun Investment Limited	Beneficial owner	260,661,501 (L)	52.73%
Joint Full International Limited	Through controlled corporation	260,661,501 (L)	52.73%
永泰集團有限公司	Through controlled corporation	260,661,501 (L)	52.73%
永泰科技投資有限公司	Through controlled corporation	260,661,501 (L)	52.73%
南京永泰企業管理有限公司	Through controlled corporation	260,661,501 (L)	52.73%
Wang Guangxi	Through controlled corporation	260,661,501 (L)	52.73%
Guo Tianshu	Interest held by spouse	260,661,501 (L)	52.73%

Note:

(1) The letter "L" denotes long position in the shares.

Save as disclosed above, as at 31 December 2025, the Directors were not aware of any persons who/entities which had any interest or short position in the securities in the Company that would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the Register required to be kept under section 336 of the SFO.

REPORT OF THE DIRECTORS

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions undertaken in the usual course of business are set out in note 37 to the consolidated financial statements. None of these related party transactions constitutes a connected transaction as defined under the Listing Rules that is required to be disclosed.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As at 31 December 2025, none of the Directors and their respective close associates had any interests in any business, apart from the business of the Group, which competes or likely to compete (either directly or indirectly) with the business of the Group.

NON-COMPETITION UNDERTAKING BY CONTROLLING SHAREHOLDERS

The Company has received annual confirmations from the controlling shareholders, Junfun Investment Limited, 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 Junfun Investment Limited has complied with the non-competition undertaking during the year ended 31 December 2025.

MANAGEMENT CONTRACTS

Other than the service contracts of the Directors, the Company did not enter into any contract in respect of the management or administration of the entire or any significant part of the business of the Company nor did any such contract subsist at any time during the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2025.

PRE-EMPTIVE RIGHTS

There were no provisions of pre-emptive rights under the Company's articles of association or the laws of the British Virgin Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders unless otherwise required by the Stock Exchange.

REPORT OF THE DIRECTORS

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and to the knowledge of the Directors, throughout the Year under Review, the Company has maintained the prescribed public float of not less than 25% of the issued shares as required by the Listing Rules. As at 31 December 2025, the Company's public float was 47.3% of its total issued shares.

MAJOR SUPPLIERS AND CUSTOMERS

In the Year under Review, the Group's largest supplier accounted for 5.7% (2024: 5.8%) of the Group's total purchases. The Group's five largest suppliers accounted for 15.9% (2024: 16.9%) of the Group's total purchases.

In the year under review, the Group's sales to its five largest customers accounted for 59.0% (2024: 53.2%) of the Group's total sales. The Group's largest customer accounted for 14.8% (2024: 13.7%) of the Group's total sales.

None of the Directors or any of their close associates (as defined under the Listing Rules) or any shareholders which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital has any beneficial interest in the Group's five largest customers or five largest suppliers.

Key relationship with the customers and suppliers

(a) Customers

The Group's customers are mainly based in Mainland China, Japan and the United State. We have maintained business relationships with most of them for more than five years. Consistent with usual industry practice, the Group does not enter into any long-term sales agreements with its customers, but will request them to place purchase orders with us for every season. Our team is committed to providing customers with high quality products and efficient after sales services. The Directors regard the interest of customers as one of our top priorities.

(b) Suppliers

We carefully select our suppliers based on various criteria, including but not limited to: (i) the quality of the products supplied by them; (ii) their ability to deliver products to us in a timely manner; and (iii) their reputation in the industry. We have maintained business relationships with most of our suppliers for more than five years.

The Directors consider that it is commercially beneficial to build up a close and long-term business relationship with our suppliers as our long-term collaboration would allow us to provide reliable and quality products to our customers.

REPORT OF THE DIRECTORS

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit Committee was established on 19 August 2011 with written terms of reference in compliance with the Listing Rules. The terms of reference of the Audit Committee have been revised on 23 January 2019. The Audit Committee is responsible for making recommendation to the Board on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of that auditor; monitoring integrity of the financial statements, the annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained in them; and reviewing the financial controls, internal control and risk management systems.

The Audit Committee has reviewed the Company's internal controls and risk management process, financial reporting and compliance procedures and financial results and reports, including review of the audited consolidated financial statements of the Group for the year ended 31 December 2025. The consolidated financial statements for the year ended 31 December 2025 have been audited by the Company's external auditors, SHINEWING (HK) CPA Limited.

CORPORATE GOVERNANCE

The Company has published its corporate governance report, which is set out on pages 74 to 89 of this annual report.

AUDITOR

During the year, SHINEWING (HK) CPA Limited were appointed as the external auditors of the Company.

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint SHINEWING (HK) CPA Limited as the external auditors of the Company.

On behalf of the Board

Wang Bin

Chairman

Hong Kong, 31 March 2026

INDEPENDENT AUDITOR'S REPORT



SHINEWING (HK) CPA Limited
17/F., Chubb Tower, Windsor House
311 Gloucester Road, Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

TO THE SHAREHOLDERS OF GREATIME INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the British Virgin Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Greatime International Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) set out on pages 104 to 206, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) 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 consolidated 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 judgment, 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.

INDEPENDENT AUDITOR'S REPORT

Impairment of trade receivables

Refer to note 22 to the consolidated financial statements and the accounting policies on pages 171 to 173.

The key audit matter

As at 31 December 2025, the Group has trade receivables of approximately RMB50,768,000, net of loss allowance of approximately RMB16,378,000.

We have identified impairment of trade receivables as a key audit matter due to its significance to the consolidated financial statements and the measurement of expected credit loss involves the Group's significant degree of judgment and a number of assumptions are applied to develop the expected credit losses ("**ECL**") models for calculating the impairment provision.

How the matter was addressed in our audit

Our procedures were designed to review management's assessment on the ECL model on trade receivables.

We have reviewed and assessed the application of the Group's policy for calculating the ECL.

We have evaluated the methodologies and inputs used to estimate the impairment of trade receivables and evaluated the appropriateness of techniques and methodology in the ECL model against the requirements of HKFRS 9.

We have also challenged and assessed the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgments, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information including subsequent settlement and examining the actual losses recorded during the current financial year and assessing whether there was an indication of management bias when recognising loss allowance.

INDEPENDENT AUDITOR'S REPORT

Impairment assessment of non-current assets of the knitted fabrics segment cash generating unit ("Knitted Fabric CGU") and space measurement segment cash generating unit ("Space Measurement CGU")

Refer to notes 15, 17 and 18 to the consolidated financial statements and the accounting policies on pages 116 and 136.

The key audit matter

As at 31 December 2025, the Group has property, plant and equipment and right-of-use assets of approximately RMB56,084,000 and RMB4,523,000 respectively that are contributable to the Knitted Fabric CGU, and property, plant and equipment, right-of-use assets and goodwill of approximately RMB316,000, RMB204,000 and nil respectively that are contributable to the Space Measurement CGU. The Group recognised impairment loss on goodwill of approximately RMB25,790,000.

The Group engaged an external valuer to assist the assessment for the recoverable amounts of the Knitted Fabric CGU and Space Measurement CGU as at 31 December 2025. The valuation process was inherently subjective and dependent on a number of estimates.

We have identified impairment assessment of non-current assets of the Knitted Fabric CGU and Space Measurement CGU as a key audit matter due to its significance to the consolidated financial statements and there are a number of assumptions adopted which involves the management's significant degree of judgment.

How the matter was addressed in our audit

We have discussed the indicators of possible impairment with the management and, where such indicators were identified, assessed the management's impairment testing.

Our procedures in relation to management's impairment assessment of non-current assets of Knitted Fabric CGU and Spacement Measurement CGU included:

We have understood the methodologies to estimate the recoverable amount. We have assessed the reasonableness of the valuation methodology by challenging the assumptions used for preparing the future cash flow forecast, including the sales growth rates and gross profit margin against latest market expectations.

We have checked the accuracy and appropriateness of the input data and historical data.

We have considered the potential impact of reasonably possible downside changes in these key assumptions.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF THE DIRECTORS OF THE COMPANY AND AUDIT COMMITTEE 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 issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Audit Committee is responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

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, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's 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 HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.
- Conclude on the appropriateness of the Company's 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 Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

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

We communicate with 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 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 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 Wong Hon Kei, Anthony.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Wong Hon Kei, Anthony

Practising Certificate Number: P05591

Hong Kong
31 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	5	434,047	486,697
Cost of sales		(348,739)	(382,547)
Gross profit		85,308	104,150
Other income, gains and losses, net	7	(1,833)	9,504
Impairment loss on goodwill	18	(25,790)	–
Fair value loss on contingent consideration receivable	19	(26,480)	–
Selling and distribution expenses		(32,986)	(29,009)
Administrative expenses		(87,623)	(87,119)
Finance costs	8	(6,498)	(10,529)
Loss before tax		(95,902)	(13,003)
Income tax credit (expense)	9	746	(7,305)
Loss for the year	10	(95,156)	(20,308)
Other comprehensive (expense) income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		(2,639)	2,001
Other comprehensive (expense) income for the year		(2,639)	2,001
Total comprehensive expense for the year		(97,795)	(18,307)
Loss attributable to:			
Owners of the Company		(88,612)	(14,527)
Non-controlling interests		(6,544)	(5,781)
		(95,156)	(20,308)
Total comprehensive expense attributable to:			
Owners of the Company		(91,251)	(12,526)
Non-controlling interests		(6,544)	(5,781)
		(97,795)	(18,307)
Loss per share:			
– Basic and diluted (cents)	14	(17.93)	(2.94)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	15	116,016	124,071
Investment property	16	1,328	1,769
Right-of-use assets	17	13,267	19,793
Goodwill	18	–	25,790
Contingent consideration receivable	19	–	30,000
Deferred tax assets	20	6,586	1,728
		137,197	203,151
Current assets			
Inventories	21	55,313	70,325
Trade receivables	22	50,768	57,591
Prepayments and other receivables	23	22,201	26,252
Income tax receivables		–	1,300
Financial asset at fair value through profit or loss	24	–	3,003
Bank balances and cash	25	255,119	250,614
		383,401	409,085
Current liabilities			
Trade and bills payables	26	91,759	95,932
Accruals and other payables	27	49,734	54,506
Contract liabilities	28	3,177	4,155
Loan from a shareholder	29	17,434	9,456
Interest-bearing borrowings	30	182,349	167,400
Lease liabilities	17	1,709	6,180
Income tax payables		7,998	8,672
		354,160	346,301
Net current assets		29,241	62,784
Total assets less current liabilities		166,438	265,935
Non-current liabilities			
Lease liabilities	17	52	1,754
Net assets		166,386	264,181

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Capital and reserves			
Share capital	31	148,929	148,929
Reserves		15,671	106,922
Equity attributable to owners of the Company		164,600	255,851
Non-controlling interests		1,786	8,330
Total equity		166,386	264,181

The consolidated financial statements on pages 104 to 206 were approved and authorised for issue by the board of directors on 31 March 2026 and are signed on its behalf by:

Mr. Wang Bin
Director

Mr. Shu Dakun
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to owners of the Company						Non-controlling interests		Total
	Share capital RMB'000	Statutory reserve RMB'000 (Note (a))	Exchange reserve RMB'000	Special reserve RMB'000 (Note (b))	Other reserve RMB'000 (Note (c))	Retained earnings RMB'000	Subtotal RMB'000	RMB'000	RMB'000
As at 1 January 2024	148,929	45,435	(12,986)	(83)	5,800	81,282	268,377	14,111	282,488
Loss for the year	-	-	-	-	-	(14,527)	(14,527)	(5,781)	(20,308)
Other comprehensive income for the year:									
Exchange differences arising on translation of financial statements of foreign operations	-	-	2,001	-	-	-	2,001	-	2,001
Total comprehensive income (expense) for the year	-	-	2,001	-	-	(14,527)	(12,526)	(5,781)	(18,307)
Appropriation to statutory reserve	-	553	-	-	-	(553)	-	-	-
As at 31 December 2024	148,929	45,988	(10,985)	(83)	5,800	66,202	255,851	8,330	264,181

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Statutory reserve	Exchange reserve	Special reserve	Other reserve	Retained earnings	Subtotal		
	RMB'000	RMB'000 (Note (a))	RMB'000	RMB'000 (Note (b))	RMB'000 (Note (c))	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2025	148,929	45,988	(10,985)	(83)	5,800	66,202	255,851	8,330	264,181
Loss for the year	-	-	-	-	-	(88,612)	(88,612)	(6,544)	(95,156)
Other comprehensive expense for the year:									
Exchange differences arising on translation of financial statements of foreign operations	-	-	(2,639)	-	-	-	(2,639)	-	(2,639)
Total comprehensive expense for the year	-	-	(2,639)	-	-	(88,612)	(91,251)	(6,544)	(97,795)
Appropriation to statutory reserve	-	1,342	-	-	-	(1,342)	-	-	-
As at 31 December 2025	148,929	47,330	(13,624)	(83)	5,800	(23,752)	164,600	1,786	166,386

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

Notes:

(a) Statutory reserve

The statutory reserve, which is non-distributable, is appropriated from the profit after taxation of the Group's People's Republic of China (the "PRC") subsidiaries. In accordance with the relevant laws and regulations of the PRC and the articles of association of the Group's PRC subsidiaries, they are required to appropriate 10% of its net profits determined in accordance with China Accounting Standards for Enterprises issued by the Ministry of Finance of China, after offsetting any prior years' losses, to the statutory reserve. When the balance of such a reserve reached 50% of the respective companies' registered capital, any further appropriation is optional.

(b) Special reserve

Special reserve represents the difference between the aggregate amount of issued and fully paid share capital of the subsidiary acquired by the Company and the nominal amount of the shares issued by the Company in exchange for the entire equity interest in the subsidiary as part of the Group reorganisation.

(c) Other reserve

On 7 March 2011, in recognition of the services of two senior executives of the Group's subsidiaries, Global Wisdom Capital Holdings Limited, being the Company's former holding company, transferred a total of 1,300,000 shares of the Company to the executives of the Company. The shares consideration was paid by the executives in cash by three installments which was fully settled on 7 March 2011, 7 March 2012 and 7 March 2013.

The transaction was accounted for as an equity settled share-based payment and accordingly, the difference between the fair value of past services rendered by the employees and the net present values of the consideration payable by the employees in respect of the share transferred, amounted to RMB5,800,000, was recorded as other reserve.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
OPERATING ACTIVITIES		
Loss before tax	(95,902)	(13,003)
Adjustments for:		
Depreciation of property, plant and equipment	27,199	26,050
Depreciation of right-of-use assets	4,504	5,608
Depreciation of investment property	441	443
Net gain on disposal of property, plant and equipment	(370)	(220)
Gain on lease modification	(186)	–
Write-down of (reversal of) inventories	4,290	(1,016)
Impairment loss on trade receivables	8,500	5,627
Impairment loss (reversal of impairment loss) on other receivables	2,288	(3,700)
Impairment loss on goodwill	25,790	–
Fair value loss on contingent consideration receivable	26,480	–
Loss on early termination of lease	–	82
Realised and unrealised gains from financial asset at FVTPL	(38)	(59)
Finance costs	6,498	10,529
Bank interest income	(697)	(945)
Interest income on financial asset measured at amortised cost	(811)	(814)
Government grants	(241)	(317)
Operating cash flows before movements in working capital	7,745	28,265
Decrease (increase) in inventories	10,305	(123)
Increase in trade receivables	(2,269)	(15,967)
Decrease in bills receivables	–	679
Decrease in prepayments and other receivables	5,252	3,218
Decrease in trade and bills payables	(3,575)	(618)
(Decrease) increase in accruals and other payables	(4,772)	463
Decrease in contract liabilities	(973)	(5,807)
Cash generated from operations	11,713	10,110
Income tax paid	(3,309)	(4,403)
NET CASH FROM OPERATING ACTIVITIES	8,404	5,707

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(19,812)	(21,826)
Purchase of financial asset at fair value through profit and loss	–	(16,523)
Loan advance to a third party	–	(5,000)
Proceeds from disposal of financial assets at fair value through profit and loss	3,041	13,579
Interest received	1,508	1,759
Proceeds from disposal of property, plant and equipment	405	987
NET CASH USED IN INVESTING ACTIVITIES	(14,858)	(27,024)
FINANCING ACTIVITIES		
Repayments of interest-bearing borrowings	(83,070)	(103,000)
Interest paid for interest-bearing borrowings	(6,072)	(9,817)
Repayment of lease liabilities	(4,823)	(4,290)
Interest paid for lease liabilities	(426)	(712)
New borrowings raised	98,019	113,000
Advance from a shareholder	8,258	4,619
Government grant received	241	317
NET CASH FROM FINANCING ACTIVITIES	12,127	117
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,673	(21,200)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	250,614	270,118
Effect of foreign exchange rate changes	(1,168)	1,696
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER, represented by bank balances and cash	255,119	250,614

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL

Greatime International Holdings Limited (the “**Company**”), which acts as an investment holding company, was incorporated in the British Virgin Islands (the “**BVI**”) with limited liability under the Business Companies Act of the BVI (2004) (the “**Companies Act**”) on 8 December 2010. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 24 November 2011. The address of the registered office is located at P.O. Box 3340, Road Town, Tortola, BVI and its principal place of business is located at Flat 13-16, 19/F, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong.

The Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are engaged in the manufacturing and sales of and provision of processing services on innerwear products and knitted fabrics and provision of space measurement services, industrial drones and measurement robots. Its immediate holding company is Junfun Investment Limited (“**Junfun**”) (incorporated in the Cayman Islands), and its ultimate holding company is Yongtai Technology Investment Company Limited (incorporated in the PRC). Its ultimate controlling party is Mr. Wang Guangxi.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company and its subsidiaries which were established and operated in the People’s Republic of China (the “**PRC**”). Other than those subsidiaries established in the PRC, the functional currency of subsidiaries established in Hong Kong and Myanmar are denoted in United States dollars (“**USD**”) and Myanmar Khamed (“**MMK**”).

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Application of amendments to a HKFRS Accounting Standard

In the current year, the Group has applied, for the first time, the following amendments to HKFRS Accounting Standard issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) which are effective for the Group’s financial year beginning on 1 January 2025:

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments to HKFRS Accounting Standard in the current year has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Continued)

New and amendments to HKFRS Accounting Standards issued but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

HKFRS 18	Presentation and Disclosure in Financial Statements ²
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ²

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

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

³ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that, except as described below, the application of other new and amendments to HKFRS Accounting Standards will have no material impact on the results and the financial position of the Group.

HKFRS 18 – Presentation and Disclosure in Financial Statements

HKFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace HKAS 1 Presentation of Financial Statements. HKFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to HKAS 7 “Statement of Cash Flows” and HKAS 33 “Earnings per Share” are also made.

HKFRS 18, and the consequential amendments to other HKFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of the HKFRS 18 is not expected to have material impact on the financial position of the Group. The directors are in the process of making an assessment of the impact of HKFRS 18, but is not yet in a position to state whether the adoption would have a material impact on the presentation and disclosures of consolidated financial statements of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are stated at fair value, at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The material accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Basis of consolidation (Continued)

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements;
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income or expense of subsidiaries are attributed to owners of the Company and to the non-controlling interests. Total comprehensive income or expense of subsidiaries is attributed to the owners of the Company and to the non-controlling interest 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 entities of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Investments in subsidiaries

Investments in subsidiaries are stated on the statement of financial position of the Company at cost less accumulated impairment loss, if any.

Goodwill

Goodwill arising from a business combination is carried at cost less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit (or groups of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service that is distinct or a series of distinct goods or services that are substantially same.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue from contracts with customers (Continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The Group's performance creates and enhances an asset that the customer controls as the asset is created and enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

The Group recognised revenue from the following major sources:

- sales of innerwear products and knitted fabrics
- provision of processing services on innerwear products and knitted fabrics
- provision of space measurement services and sales of industrial drones and measurement robots

Revenue from sales of innerwear products and knitted fabrics is recognised at the point when the control of the goods is transferred to the customers (generally on delivery of innerwear products and knitted fabrics).

Service income from provision of processing services on innerwear products and knitted fabric is recognised at the point when the control of the goods is transferred to the customers (generally on delivery of innerwear products and knitted fabrics).

Revenue from provision of space measurement services and sales of industrial drones and measurement robots is recognised at the point when the control of the goods is transferred to the customers (generally on delivery of data report, industrial drones and measurement robots).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

Leasing

Definition of a lease

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

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leasing (Continued)

The Group as lessee (Continued)

Lease liabilities

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leasing (Continued)

The Group as lessee (Continued)

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets as a separate line in the consolidated statement of financial position.

The Group applies HKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Lease modification

For a lease modification that is not accounted for a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leasing (Continued)

The Group as lessor

The Group enters into lease agreements as a lessor with respect to its investment property. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Retirement benefits costs

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Short-term benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probably that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Property, plant and equipment

Property, plant and equipment other than construction in progress including buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Ownership interests in leasehold land and buildings

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than construction in progress less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including cost of testing whether the related assets are functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group’s accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profits or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value of inventories represents the estimated selling price less the estimated costs of completion and costs necessary to make the sale.

Cash and cash equivalents

In the consolidated statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash equivalents, as defined above.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss (“FVTPL”).

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.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at amortised cost (debt instruments) (Continued)

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the “other income, gains and losses, net” line item (note 7).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the 'other income, gains and losses, net' line item. Fair value is determined in the manner described in note 33(c).

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, and forward looking information that is available without undue cost or effort.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the worldwide economic growth and global probability of corporate default, obtained from economic expert reports and financial analysts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset, except trade receivables, has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise. The Group rebutted the presumption of significant increase in credit risk under ECL model for trade debtors over 30 days past due based on the good repayment records for those customers, continuous business with the Group and/or other reasonable and supportable information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

Significant increase in credit risk (Continued)

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) the debt instrument has a low risk of default, ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

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

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset, except trade receivables, is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The Group rebutted the presumption of default under ECL model for trade debtors over 90 days past due based on the good repayment records for those customers, continuous business with the Group and/or other reasonable and supportable information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter into bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

The Group's financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Impairment on property, plant and equipment, right-of-use assets and investment property (other than impairment of goodwill set out in accounting policy of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and investment property to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount of property, plant and equipment, right-of-use assets and investment property are estimated individually. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Fair value measurement

When measuring fair value except for the Group's leasing transactions, net realisable value of inventories and value in use of right-of-use assets, property, plant and equipment and goodwill for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

- | | | |
|---------|---|---|
| Level 1 | – | Fair value measurements are those derived from quoted (unadjusted) market prices in active markets for identical assets or liabilities. |
| Level 2 | – | Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). |
| Level 3 | – | Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). |

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Legal title of buildings

As at 31 December 2025, buildings without certificates of ownership with carrying values of approximately RMB6,727,000 (2024: RMB7,278,000). In the opinion of the directors of the Company, the absence of formal title to these properties does not impair their values to the Group as the Group has paid in full purchase consideration of these buildings and the probability of being evicted on the ground of an absence of formal title is remote.

Control in subsidiaries

As stated in note 41, Youying Intelligent Technology (Shenzhen) Co., Ltd ("**Youying**") and its wholly owned subsidiaries, Changkuan Bihu Digital Technology (Shenzhen) Co., Ltd ("**Bihu**") and Youying Intelligent Technology (Chengdu) Co., Ltd ("**Youying Chengdu**"), are subsidiaries of the Group even though the Group has only a 40% ownership interest and 40% of the voting rights in Youying. Youying and its wholly owned subsidiaries are unlisted limited companies incorporated in PRC. The Group has had 40% ownership interest in Youying since 16 May 2023 and the remaining 60% of the ownership interests are held by numerous shareholders that are unrelated to the Group.

The directors of the Company assessed the Group's control over Youying and its wholly owned subsidiaries on the basis of its practical ability to direct the relevant activities unilaterally. In making their judgement, the directors of the Company consider the Group holds significantly more voting rights than any other vote holder, and the Group has the right to appoint four out of seven members of the board of directors of Youying as stated in the amended articles of association of Youying, so the Group has the control over Youying and its wholly owned subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

The followings are 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 resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives and residual values of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their estimated residual values. The determination of the useful lives and residual values involve management's estimation. The Group assesses annually the residual value and the useful life of the property, plant and equipment, and if the expectation differs from the original estimate, such a difference may impact the depreciation charged in the year and the estimate will be changed in the future period. As at 31 December 2025, the carrying amount of property, plant and equipment was approximately RMB116,016,000 (2024: RMB124,071,000).

Impairment of trade receivables and other receivables

The impairment provisions for trade receivables and other receivables are based on assumptions about ECL. The Group has engaged an external valuer to assist for an impairment assessment on these receivables. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on past due status as well as the Group's historical experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss and other comprehensive income.

At 31 December 2025, the carrying amount of trade receivables and other receivables were approximately RMB50,768,000 and RMB5,489,000 (2024: RMB57,591,000 and RMB10,291,000) respectively, net of loss allowance of approximately RMB16,378,000 and RMB2,558,000 (2024: RMB8,004,000 and RMB270,000) respectively.

During the year ended 31 December 2025, impairment loss of approximately RMB8,500,000 and impairment loss of approximately RMB2,288,000 (2024: impairment loss of approximately RMB5,627,000 and reversal of impairment loss of approximately RMB3,700,000) was recognised on trade receivables and other receivables respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Write-down of inventories

The Group reviews an ageing analysis at the end of each reporting period, and makes write-down for obsolete and slow-moving inventory items. Management estimates the net realisable value for such inventories based primarily on the latest invoice prices. As at 31 December 2025, the carrying amount of inventories was approximately RMB55,313,000 (2024: RMB70,325,000).

During the year ended 31 December 2025, write-down of inventories of RMB4,290,000 (2024: reversal of write-down of inventories of RMB1,016,000) was recognised.

Impairment assessment of non-current assets on Knitted Fabric CGU and Space Measurement CGU

The Group's Knitted Fabric CGU and Space Measurement CGU consist of certain property, plant and equipment, right-of-use assets and goodwill. In determining whether there is any impairment indicator of the Knitted Fabric CGU and Space Measurement CGU, the evaluation process requires management's judgment and estimation. For any instance where the evaluation process indicates impairment indicator, the management estimated the recoverable amounts of the Knitted Fabric CGU and Space Measurement CGU based on the value-in-use calculation. The value-in-use calculation is based on the management's assumptions and estimates taking into account the existing business plan and other strategic business development. These calculations require the use of estimates such as the future revenue, expenses and discount rates.

As at 31 December 2025, the carrying amount of property, plant and equipment and right-of-use assets relating to the Knitted Fabric CGU were RMB56,084,000 and RMB4,523,000 (2024: RMB58,944,000 and RMB4,796,000) respectively, and the carrying amount of property, plant and equipment, right-of-use assets and goodwill relating to the Space Measurement CGU were RMB316,000, RMB204,000 and nil (2024: RMB572,000, RMB2,688,000 and RMB25,790,000) respectively. No impairment losses were recognised on property, plant and equipment, right-of-use assets respectively in relation to the Knitted Fabric CGU and Space Measurement CGU during the years ended 31 December 2025 and 2024. Impairment losses were recognised on goodwill of RMB25,790,000 during the year ended 31 December 2025 (2024: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Income taxes

As at 31 December 2025, the deferred tax assets of approximately RMB6,586,000 (2024: RMB1,728,000), in relation to unused tax losses, unrealised profit on inventories and accelerated tax depreciation, has been recognised in the Group's consolidated statement of financial position. Deferred tax asset has been recognised on tax losses arising in Hong Kong of approximately RMB33,652,000 (2024: RMB3,185,000) and no deferred tax asset has been recognised on tax losses arising in PRC of approximately RMB58,451,000 (2024: RMB47,023,000), and deductible temporary differences associated with impairment loss of approximately RMB29,307,000 (2024: RMB14,074,000) as at 31 December 2025, due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are more/less than expected, a material recognition/reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a recognition/reversal takes place.

Fair value of contingent consideration receivable

The fair value of contingent consideration receivable was estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate and expected net profits of the acquired subsidiaries. As at 31 December 2025, the fair value of contingent consideration receivable is nil (2024: RMB30,000,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE

Revenue represents the amounts received and receivable for the manufacture and sales of and provision of processing services on innerwear products and knitted fabrics, the provision of space measurement services, industrial drones and measurement robots, net of discounts and sales related taxes. Revenue is analysed as follows:

Revenue from contracts with customers within the scope of HKFRS 15

Disaggregated by major products or services lines

	2025 RMB'000	2024 RMB'000
Manufacture and sale of products:		
– Innerwear products	356,992	361,770
– Knitted fabrics	34,870	82,774
	391,862	444,544
Processing services income:		
– Innerwear products	8,350	9,651
– Knitted fabrics	33,279	30,161
	41,629	39,812
Space measurement services, industrial drones and measurement robots	556	2,341
	434,047	486,697

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE (Continued)

Revenue from contracts with customers within the scope of HKFRS 15 (Continued)

Disaggregation of revenue from contracts with customers by timing of recognition

	2025 RMB'000	2024 RMB'000
Timing of revenue recognition		
At a point in time and total revenue from contracts with customers	434,047	486,697

As at 31 December 2025, all outstanding sales contracts are expected to be fulfilled within one year.

6. SEGMENT INFORMATION

The Group's operating segments, by category of products and services, based on information reported to the directors of the Company, being the chief operating decision makers ("CODM") for the purpose of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments are as follows:

- | | | | |
|----|--|---|---|
| 1) | Innerwear products | – | manufacturing and sale of and provision of processing services on innerwear products |
| 2) | Knitted fabrics | – | manufacturing and sale of and provision of processing services on knitted fabrics |
| 3) | Space measurement services, industrial drones and measurement robots | – | provision of high-precision space measurement and modelling services, geographic spatial data measurement services, internal and external industry software development, CIM underlying platform and system construction, as well as research and development, production, sales and technical assistance of industrial drones and 3D high-precision laser radar measuring robots |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. SEGMENT INFORMATION (Continued)

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

	Year ended 31 December 2025			Total RMB'000
	Innerwear products RMB'000	Knitted fabrics RMB'000	Space measurement RMB'000	
Revenue				
External sales	365,342	68,149	556	434,047
Inter-segment sales	142,466	80,382	–	222,848
Segment revenue	507,808	148,531	556	656,895
Eliminations				(222,848)
Group's revenue				434,047
Segment profit (loss)	993	(8,644)	(10,841)	(18,492)
Other income, gains and losses, net				(610)
Finance costs				(6,498)
Unallocated head office and corporate expenses				(70,302)
Loss before tax				(95,902)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

	Year ended 31 December 2024			
	Innerwear products RMB'000	Knitted fabrics RMB'000	Space measurement RMB'000	Total RMB'000
Revenue				
External sales	371,421	112,935	2,341	486,697
Inter-segment sales	135,073	83,122	–	218,195
Segment revenue	506,494	196,057	2,341	704,892
Eliminations				(218,195)
Group's revenue				486,697
Segment profit (loss)	28,746	(5,539)	(9,300)	13,907
Other income, gains and losses, net				1,505
Finance costs				(10,529)
Unallocated head office and corporate expenses				(17,886)
Loss before tax				(13,003)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of bank interest income, rental income, realised and unrealised gains from financial asset at FVTPL, gain on derecognition of contingent consideration payable, directors' and chief executive's emoluments, finance costs and unallocated head office and corporate expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market price.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

	Year ended 31 December 2025			
	Innerwear products RMB'000	Knitted fabrics RMB'00	Space measurement RMB'000	Total RMB'000
Segment assets	154,659	95,333	3,289	253,281
Unallocated assets:				
Property, plant and equipment				15
Investment property				1,328
Right-of-use assets				648
Bank balances and cash				255,119
Deferred tax assets				6,586
Prepayments and other receivables				3,621
Consolidated assets				520,598
Segment liabilities	60,232	61,418	376	122,026
Unallocated liabilities:				
Other payables				22,644
Loan from a shareholder				17,434
Income tax payables				7,998
Interest-bearing borrowings				182,349
Lease liabilities				1,761
Consolidated liabilities				354,212

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

	Year ended 31 December 2024			
	Innerwear products RMB'000	Knitted fabrics RMB'00	Space measurement RMB'000	Total RMB'000
Segment assets	160,143	108,024	10,237	278,404
Unallocated assets:				
Property, plant and equipment				25
Investment property				1,769
Right-of-use assets				2,563
Goodwill				25,790
Contingent consideration receivable				30,000
Bank balances and cash				250,614
Income tax receivables				1,300
Deferred tax assets				1,728
Prepayments and other receivables				17,040
Financial asset at FVTPL				3,003
Consolidated assets				612,236
Segment liabilities	102,481	31,903	946	135,330
Unallocated liabilities:				
Other payables				19,263
Loan from a shareholder				9,456
Income tax payables				8,672
Interest-bearing borrowings				167,400
Lease liabilities				7,934
Consolidated liabilities				348,055

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than property, plant and equipment for general operation, investment property for general operation, right-of-use assets for general operation, goodwill, contingent consideration receivable, bank balances and cash, income tax receivables, deferred tax assets, prepayments and other receivables for general operation and financial asset at FVTPL.
- all liabilities are allocated to operating segments other than other payables for general operation, loan from a shareholder, income tax payables, interest-bearing borrowings and lease liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. SEGMENT INFORMATION (Continued)

Other segment information

	Year ended 31 December 2025				
	Innerwear products RMB'000	Knitted fabrics RMB'000	Space measurement RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:					
Depreciation of property, plant and equipment	10,392	16,512	285	10	27,199
Depreciation of right-of-use assets	1,037	331	1,293	1,843	4,504
Net gain on disposal of property, plant and equipment	(351)	(19)	–	–	(370)
(Reversal of) write-down of inventories	(2,395)	2,275	4,410	–	4,290
(Reversal of) impairment loss on trade receivables	(1,885)	10,814	(429)	–	8,500
Impairment loss on other receivables	–	–	–	2,288	2,288
Additions to non-current assets	5,942	13,996	32	–	19,970
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:					
Depreciation of investment property	441	–	–	–	441
Bank interest income	–	–	–	(697)	(697)
Interest income on financial asset measured at amortised cost	–	–	–	(811)	(811)
Realised and unrealised gains from financial asset at FVTPL	–	–	–	(38)	(38)
Gain on lease modification	–	–	–	(186)	(186)
Interest expense	–	–	–	6,498	6,498
Impairment loss on goodwill	–	–	–	25,790	25,790
Fair value loss on contingent consideration receivable	–	–	–	26,480	26,480
Income tax credit	–	–	–	(746)	(746)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

	Year ended 31 December 2024				
	Innerwear products RMB'000	Knitted fabrics RMB'000	Space measurement RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:					
Depreciation of property, plant and equipment	10,088	15,675	278	9	26,050
Depreciation of right-of-use assets	1,040	332	2,440	1,796	5,608
Net gain on disposal of property, plant and equipment	(46)	(174)	–	–	(220)
Reversal of write-down of inventories	(629)	(387)	–	–	(1,016)
Impairment loss (reversal of impairment loss) on trade receivables	873	4,280	474	–	5,627
Impairment loss on other receivables	(56)	–	(3,632)	(12)	(3,700)
Additions to non-current assets	2,367	19,773	51	2,240	24,431
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:					
Depreciation of investment property	–	–	–	443	443
Bank interest income	–	–	–	(945)	(945)
Interest income on financial asset measured at amortised cost	–	–	–	(814)	(814)
Realised and unrealised gains from financial asset at FVTPL	–	–	–	(59)	(59)
Loss on early termination of lease	–	–	–	82	82
Interest expense	–	–	–	10,529	10,529
Income tax expense	–	–	–	7,305	7,305

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. SEGMENT INFORMATION (Continued)

Geographical information

Information about the Group's revenue from external customers is presented based on the destination where the products are delivered. Information about the Group's non-current assets is presented based on geographical location of the assets.

	Revenue from contracts with external customers		Non-current assets	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Japan	252,234	243,769	–	–
The PRC (country of domicile)	126,759	180,213	108,912	123,388
Taiwan	36,570	33,474	–	–
United States	1,051	10,806	–	–
Italy	11,800	10,224	–	–
Hong Kong	–	4,845	1,437	5,074
Netherlands	–	2,441	–	–
Africa	5,522	684	–	–
Canada	111	241	–	–
Myanmar	–	–	20,262	17,171
	434,047	486,697	130,611	145,633

Note: Non-current assets excluded deferred tax assets, goodwill and contingent consideration receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. SEGMENT INFORMATION (Continued)

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2025 RMB'000	2024 RMB'000
Customer A (Note (b))	64,343	66,844
Customer B (Note (a))	58,690	58,322
Customer C (Note (a))	54,704	50,409
Customer D (Note (b))	37,654	49,561

Notes:

- (a) Revenue from manufacture and sales of and provision of processing services on innerwear products segment and from overseas customer.
- (b) Revenue from manufacture and sales of and provision of processing services on innerwear products and knitted fabrics segments and from PRC customer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. OTHER INCOME, GAINS AND LOSSES, NET

	2025 RMB'000	2024 RMB'000
Bank interest income	697	945
Interest income on financial asset measured at amortised cost	811	814
Realised and unrealised gains from financial asset at FVTPL	38	59
Exchange gains, net	4,159	6,594
Sales of scrap materials	677	1,535
Government grants (Note)	241	317
Net gain on disposal of property, plant and equipment	370	220
Rental income from an investment property	132	147
Gain on lease modification (Note 17)	186	–
Impairment loss on trade receivables	(8,500)	(5,627)
(Impairment loss) reversal of impairment loss on other receivables	(2,288)	3,700
Others	1,644	800
	(1,833)	9,504

Note: During the year ended 31 December 2025, the government grants of RMB241,000 (2024: RMB317,000) was awarded to the Group by the PRC government as incentives primarily to encourage the technology development of the Group and the contribution to the local economic development.

The government grants were one-off with no specific condition attached.

8. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest on:		
– Other borrowings	1,980	5,128
– Lease liabilities	426	712
– Bank borrowings	4,092	4,689
	6,498	10,529

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

9. INCOME TAX (CREDIT) EXPENSE

	2025 RMB'000	2024 RMB'000
Current tax:		
PRC Enterprise Income Tax (the "EIT")		
– Provision for the year	3,317	3,688
– Under (over) provision in prior years	763	(37)
Overseas income tax		
– Provision for the year	53	4,033
Deferred tax (Note 20)	(4,879)	(379)
	(746)	7,305

(a) Overseas income tax

Pursuant to the rules and regulations of the BVI, the BVI subsidiary and the Company are not subject to any income tax in the BVI.

Pursuant to the rules and regulations of Myanmar, the Myanmar subsidiaries are subject to income tax at 22% for the years ended 31 December 2025 and 2024.

(b) Hong Kong Profits Tax

Under the two-tiered profits tax rates regime, the first HKD2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HKD2 million will be taxed at 16.5%. Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

9. INCOME TAX (CREDIT) EXPENSE (Continued)

(c) EIT

Under the Law of the PRC on EIT (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Pursuant to circular issued by Ministry of Finance and National Tax Bureau on 14 March 2022, preferential tax rate for the small-scaled minimal profit enterprise for the proportion of annual taxable income between RMB1,000,001 and RMB3,000,000 is increased from 2.5% to 5% since 1 January 2022. Pursuant to circular issued by Ministry of Finance and National Tax Bureau on 28 March 2024, the small-scaled minimal profit enterprise with an annual taxable income below RMB1,000,000 (RMB1,000,000 included) is entitled to a preferential tax rate of 5% since 1 January 2024. A PRC subsidiary (2024: one PRC subsidiary) of the Group were qualified as small-scaled minimal profit enterprise and application of preferential tax rate during the year ended 31 December 2025.

The income tax (credit) expense for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 RMB'000	2024 RMB'000
Loss before tax	(95,902)	(13,003)
Tax at the domestic income rate of 25% (2024: 25%)	(23,976)	(3,250)
Tax effect of income not taxable for tax purpose	(3,694)	(613)
Tax effect of expenses not deductible for tax purpose	3,203	3,365
Tax effect of deductible temporary difference not recognised	18,047	1,104
Utilisation of deductible temporary difference previously not recognised	(1,318)	(446)
Tax effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	–	(228)
Effect of different tax rates of subsidiaries operating in other jurisdictions	1,239	(884)
Tax effect of tax losses not recognised	3,449	2,978
Utilisation of tax losses previously not recognised	(1,930)	(2,364)
Under (over) provision in prior years	763	(37)
Income tax at concessionary rate	8,513	7,680
Others	(5,042)	–
Income tax (credit) expense for the year	(746)	7,305

Details of deferred taxation are set out in note 20.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. LOSS FOR THE YEAR

	2025 RMB'000	2024 RMB'000
Loss for the year has been arrived at after charging:		
Salaries and other benefits	151,520	140,419
Contributions to retirement benefit schemes	17,389	17,126
Total staff costs (including directors' and chief executive's emoluments)	168,909	157,545
Auditor's remuneration	918	924
Depreciation of property, plant and equipment	27,199	26,050
Depreciation of investment property	441	443
Depreciation of right-of-use assets	4,504	5,608
Loss on early termination of lease	–	82
Research and development costs recognised as an expense*	2,861	6,011
Amount of inventories recognised as an expense	344,449	383,563
Write-down of (reversal of) inventories (included in cost of sales)	4,290	(1,016)

- * Research and development costs recognised as an expense for the year ended 31 December 2025 included staff costs and depreciation of property, plant and equipment of approximately RMB2,709,000 and RMB105,000 respectively (2024: RMB4,502,000 and RMB204,000) which were also included in the total staff costs and depreciation of property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the directors and chief executive of the Company were as follows:

For the year ended 31 December 2025

Name of Director	Fees RMB'000	Salaries and other benefits RMB'000	Contributions to retirement benefit schemes RMB'000	Total RMB'000
<i>Executive directors</i>				
Mr. Wang Bin	–	275	–	275
Mr. Du Shuwei	–	1,101	–	1,101
Mr. Shu Dakun	–	1,101	–	1,101
	–	2,477	–	2,477
<i>Non-executive director</i>				
Mr. Zhang Yanlin	183	–	–	183
<i>Independent non-executive directors</i>				
Mr. Xu Dunkai	138	–	–	138
Ms. Zhao Weihong	138	–	–	138
Mr. Zheng Bing	138	–	–	138
	414	–	–	414
Total	597	2,477	–	3,074

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

For the year ended 31 December 2024

Name of Director	Fees RMB'000	Salaries and other benefits RMB'000	Contributions to retirement benefit schemes RMB'000	Total RMB'000
<i>Executive directors</i>				
Mr. Wang Bin	–	1,108	–	1,108
Mr. Du Shuwei	–	1,108	–	1,108
Mr. Shu Dakun	–	1,108	–	1,108
	–	3,324	–	3,324
<i>Non-executive director</i>				
Mr. Zhang Yanlin	183	–	–	183
<i>Independent non-executive directors</i>				
Mr. Xu Dunkai	139	–	–	139
Ms. Zhao Weihong	139	–	–	139
Mr. Zheng Bing	139	–	–	139
	417	–	–	417
Total	600	3,324	–	3,924

Notes:

Mr. Wang Bin is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

The amounts above represent emoluments paid or receivable in respect of services as director and chief executive, whether of the Company and its subsidiary undertakings. No emoluments were paid or receivable in respect of director and chief executive's other services in connection with the management of the affairs of the Company or its subsidiary undertakings.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2024: two) were directors and chief executive of the Company whose emoluments are included in the disclosure in note 11 above. The emoluments of the remaining three (2024: three) individuals were as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other benefits	7,229	4,824
Contributions to retirement benefit schemes	—	—
	7,229	4,824

Their emoluments were within the following bands:

	2025 No. of Employees	2024 No. of Employees
HKD1,000,001 to HKD1,500,000 (2025: equivalent to approximately RMB917,559 to RMB1,376,337, 2024: equivalent to approximately RMB923,664 to RMB1,385,495)	—	2
HKD1,500,001 to HKD2,000,000 (2025: equivalent to approximately RMB1,376,338 to RMB1,835,116, 2024: equivalent to approximately RMB1,385,496 to RMB1,847,326)	1	—
HKD2,500,001 to HKD3,000,000 (2025: equivalent to approximately RMB2,293,895 to RMB2,752,673, 2024: equivalent to approximately RMB2,309,159 to RMB2,770,989)	1	—
HKD3,000,001 to HKD3,500,000 (2025: equivalent to approximately RMB2,752,674 to RMB3,211,452, 2024: equivalent to approximately RMB2,770,990 to RMB3,232,821)	1	—
HKD3,500,001 to HKD4,000,000 (2025: equivalent to approximately RMB3,211,453 to RMB3,670,231, 2024: equivalent to approximately RMB3,232,822 to RMB3,694,652)	—	1

No emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during 2025, nor has any dividend been proposed since the end of the reporting period (2024: nil).

14. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the year ended 31 December 2025 is based on the loss for the year attributable to owners of the Company of approximately RMB88,612,000 and the weighted average of 494,335,330 ordinary shares in issue during the year.

The calculation of the basic and diluted loss per share for the year ended 31 December 2024 was based on the loss for the year attributable to owners of the Company of approximately RMB14,527,000 and the weighted average of 494,335,330 ordinary shares in issue during the year.

Diluted loss per share for the years ended 31 December 2025 and 2024 was the same as the basic loss per share as there were no dilutive potential ordinary shares outstanding during the year ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Machinery	Office Equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Note)							
COST:							
As at 1 January 2024	187,932	31,997	156,140	18,464	10,086	-	404,619
Additions	217	2,337	14,746	942	1,499	2,450	22,191
Disposals	(217)	-	(25,038)	(379)	(1,474)	-	(27,108)
Exchange adjustments	322	85	225	131	138	-	901
As at 31 December 2024 and 1 January 2025	188,254	34,419	146,073	19,158	10,249	2,450	400,603
Additions	64	2,459	12,624	1,309	697	2,659	19,812
Disposals	(4)	-	(3,921)	(157)	(884)	-	(4,966)
Transfer	-	-	5,109	-	-	(5,109)	-
Exchange adjustments	(523)	(160)	(455)	(183)	(115)	-	(1,436)
As at 31 December 2025	187,791	36,718	159,430	20,127	9,947	-	414,013
ACCUMULATED DEPRECIATION:							
As at 1 January 2024	100,860	30,052	121,608	15,706	8,058	-	276,284
Provided for the year	9,357	1,725	12,992	1,258	718	-	26,050
Eliminated on disposals	(20)	-	(24,782)	(379)	(1,160)	-	(26,341)
Exchange adjustments	72	56	192	119	100	-	539
As at 31 December 2024 and 1 January 2025	110,269	31,833	110,010	16,704	7,716	-	276,532
Provided for the year	9,354	2,277	13,489	1,235	844	-	27,199
Eliminated on disposals	(3)	-	(3,894)	(157)	(877)	-	(4,931)
Exchange adjustments	(147)	(43)	(374)	(170)	(69)	-	(803)
As at 31 December 2025	119,473	34,067	119,231	17,612	7,614	-	297,997
CARRYING VALUES:							
As at 31 December 2025	68,318	2,651	40,199	2,515	2,333	-	116,016
As at 31 December 2024	77,985	2,586	36,063	2,454	2,533	2,450	124,071

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment except for construction in progress are depreciated on a straight-line basis according to the following estimated useful lives and after taking into account their estimated residual values, as follows:

Buildings held for own uses	Over the shorter of term of the lease or 20 years
Leasehold improvements	5 years
Machinery	2 – 10 years
Office equipment	3 – 5 years
Motor vehicles	3 – 5 years

Note: As at 31 December 2025, buildings without obtaining certificates of ownership from the relevant PRC government authorities with carrying values of approximately RMB6,727,000 (2024: RMB7,278,000). In the opinion of the directors of the Company, the absence of formal title to these properties does not impair their values to the Group as the Group has paid in full purchase consideration of these buildings and the probability of being evicted on the ground of an absence of formal title is remote.

As at 31 December 2025 certain Group's buildings with an aggregate carrying amounts of approximately RMB61,528,000 (2024: RMB63,328,000) were pledged to secure the bank borrowings granted to the Group (Note 35).

- (i) The recoverable amount of Knitted Fabrics CGU has been determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and discount rate of 15% (2024: 14%). Knitted Fabrics CGU's cash flows beyond the 5-year period are extrapolated using a 2% (2024:2%) growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development and the uncertain economic environment, which are subject to higher degree to estimation uncertainties.

During the year ended 31 December 2025, management of the Group determines that there are no impairments of Knitted Fabrics CGU recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

- (ii) The recoverable amount of Space Measurement CGU is approximately RMB1,969,000, and has been determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and discount rate of 21% (2024: 21%). Space Measurement CGU's cash flows beyond the 5-year period are extrapolated using a 2% (2024:2%) growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development and the uncertain economic environment, which are subject to higher degree to estimation uncertainties.

Due to a divergence between actual performance and forecast within the industrial drones and 3D high-precision laser radar measuring robots market, external market conditions have constrained the rollout of products resulting a delay in commercial adoption. The Group recognised an impairment loss of RMB25,790,000 (2024: nil) in relation to Space Measurement CGU during the year ended 31 December 2025. No impairment of other assets in this CGU is considered necessary as there is no other material assets subject to impairment in this CGU.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. INVESTMENT PROPERTY

	RMB'000
COST	
At 1 January 2024, at 31 December 2024, at 1 January 2025 and at 31 December 2025	5,426
ACCUMULATED DEPRECIATION	
At 1 January 2024	3,214
Provided for the year	443
At 31 December 2024 and 1 January 2025	3,657
Provided for the year	441
At 31 December 2025	4,098
CARRYING VALUES	
As at 31 December 2025	1,328
As at 31 December 2024	1,769

The fair value of the Group's investment property as at 31 December 2025 was approximately RMB3,852,000 (2024: RMB4,194,000). The fair value has been arrived at based on a valuation carried out by APAC Appraisal and Consulting Limited, an independent valuer not connected with the Group. The valuation was determined by reference to recent market prices for similar properties in the similar locations and conditions and is categorised as level 3 of the fair value hierarchy.

There has been no change from the valuation technique used in the prior year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The above investment property is depreciated on a straight-line basis at the following rates per annum:

Buildings	Over the shorter of the term of the lease or 16 years
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. LEASES

(i) Right-of-use assets

	2025 RMB'000	2024 RMB'000
Land	10,050	11,394
Buildings (factories, offices and staff quarters)	3,217	8,399
	13,267	19,793

At 31 December 2025, right-of-use assets of approximately RMB10,050,000 (2024: RMB11,394,000) represent land use rights located in the PRC and Myanmar.

The Group has lease arrangements for buildings. The lease terms generally range from two to five years with fixed lease payment and the leases do not contain renewal/termination option. The Group also entered into short term lease arrangements in respect of staff quarters, machinery and office equipments.

Additions to the right-of-use assets for the year ended 31 December 2025 amounted to approximately RMB158,000 (2024: RMB2,240,000), due to a renewal of lease of factory (2024: a new lease of a staff quarter).

During the year ended 31 December 2025, no impairment loss has been recognised in profit or loss (2024: nil). Details of impairment assessment are set out in note 15.

As at 31 December 2025, the Group's right-of-use assets with an aggregate carrying amount of approximately RMB9,154,000 (2024: RMB9,393,000) were pledged to secure the bank borrowings granted to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. LEASES (Continued)

(ii) Lease liabilities

	2025 RMB'000	2024 RMB'000
Non-current	52	1,754
Current	1,709	6,180
	1,761	7,934

Amounts payable under lease liabilities

	2025 RMB'000	2024 RMB'000
Within one year	1,709	6,180
After one year but within two years	52	973
After two years but within five years	–	781
	1,761	7,934
Less: Amount due for settlement within 12 months (shown under current liabilities)	(1,709)	(6,180)
Amount due for settlement after 12 months	52	1,754

During the year ended 31 December 2025, the Group entered into a lease agreement in respect of renewal lease of factory (2024: a new lease agreement in respect of staff quarter) and recognised lease liabilities of approximately RMB158,000 (2024: RMB2,240,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. LEASES (Continued)

(iii) Amounts recognised in profit or loss

	Year ended 2025 RMB'000	2024 RMB'000
Depreciation expense on right-of-use assets:		
– Land	537	415
– Buildings (factories, offices and staff quarters)	3,967	5,193
	4,504	5,608
Interest expense on lease liabilities	426	712
Expense relating to short-term leases	2,875	1,424
Expense relating to leases of low value assets	4	6

(iv) Others

During the year ended 31 December 2025, the total cash outflows for leases amount to approximately RMB8,128,000 (2024: RMB6,432,000).

Restrictions or covenants on leases

As at 31 December 2025, lease liabilities of approximately RMB1,761,000 are recognised with related right-of-use assets of approximately RMB3,217,000 (2024: lease liabilities of approximately RMB7,934,000 and related right-of-use assets of approximately RMB8,399,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Lease modification

As at 31 December 2025, the Group entered into a lease modification, lease liability decreased of approximately RMB1,377,000 is recognised with related right-of-use asset decreased of approximately RMB1,191,000 and gain on lease modification of approximately RMB186,000 (2024: lease liabilities of approximately nil, related right-of-use assets of approximately nil and gain of modification of approximately nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. GOODWILL

	2025 RMB'000	2024 RMB'000
COST		
At 1 January and 31 December	25,790	25,790
IMPAIRMENT		
At 1 January	–	–
Impairment loss recognised during the year	25,790	–
At 31 December	25,790	–
CARRYING AMOUNTS		
At 31 December	–	25,790

Impairment testing on goodwill

For the purposes of impairment testing, goodwill has been allocated to one individual cash-generating unit (“CGU”), comprising two subsidiaries in the space measurement services, industrial drones and measurement robots segment.

For the purpose of impairment assessment, property, plant and equipment and right-of-use assets (including allocation of corporate assets) that generate cash flows together with the related goodwill are also included in the respective CGU.

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised in note 15.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. CONTINGENT CONSIDERATION RECEIVABLE

Contingent consideration receivable represented the profit guarantee arising from the acquisition of Youying and its subsidiary during the year ended 31 December 2024 and 2025 as set out below. The contingent consideration receivable is measured at fair value at the end of the reporting period. The movement of the fair value of contingent consideration receivable is as follows:

	2025 RMB'000	2024 RMB'000
At fair value		
At 1 January	30,000	30,000
Change in fair value	(26,480)	—
Derecognition	(3,520)	—
At 31 December	—	30,000

Note: On 16 May 2023, the Group acquired 40% of the issued share capital of Youying and its wholly-owned subsidiary, Bihu. Youying is engaged in provision of space measurement services, industrial drones and measurement robots and Bihu is engaged in provision of space measurement services. Youying and Bihu were acquired so as to capture the growth opportunities in the smart cities market in the PRC and diversify the revenue stream of the Group.

Pursuant to the investment agreement, the audited net profit of each anniversary date for the period from 1 January 2023 to 31 December 2025 shall not be less than RMB25,000,000, RMB50,000,000 and RMB80,000,000, respectively or the average net profit per year shall not be less than RMB51,670,000. If the average actual profit per year is less than 90% of the average of 3 years' profit guarantee (approximately RMB46.5 million), there would be a compensation in the form of equity interest transfer and potentially monetary compensation from the existing shareholders of Youying. The amount of equity interest transfer and monetary compensation are subject to adjustments based on the difference between the average actual profit and the average profit guarantee.

The profit guarantee with the existing shareholders of Youying has ended as at 31 December 2025. The results of Youying has failed to meet the conditions under the profit guarantee. Management has involved independent professional valuer to assess the fair value of contingent consideration receivables using discounted cashflow projections and based on the respective clauses as listed in the investment agreement. Where the value of equity interests in Youying of the existing shareholders is insufficient to cover the shortfall of the profit guarantees amount, the existing shareholders undertake to provide monetary compensation to the Group. The total amount of the monetary compensation shall not exceed the amount of the cash received by the existing shareholders in accordance with the investment agreement.

According to the aforesaid profit guarantee arrangement, the Group was entitled to profit guarantee monetary compensation from the existing shareholders, the Group derecognised the contingent consideration receivables at fair value of RMB3,520,000.

The fair value of the contingent consideration receivable as at 31 December 2025 and 2024 is determined based on the valuation performed by APAC Appraisal and Consulting Limited, an independent professional valuer not connected with the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

20. DEFERRED TAXATION

The following is the analysis of the deferred tax asset for financial reporting purpose.

	2025 RMB'000	2024 RMB'000
For financial reporting purpose:		
Deferred tax assets	6,586	1,728

The followings are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior years:

	Unrealised profit on inventories RMB'000	Withholding tax on undistributed profit of subsidiaries in the PRC RMB'000	Tax losses RMB'000	Accelerated tax depreciation RMB'000	Total RMB'000
At 1 January 2024	1,159	(225)	508	(107)	1,335
Credited to profit or loss for the year	43	228	–	108	379
Exchange difference	–	(3)	18	(1)	14
As at 31 December 2024 and at 1 January 2025	1,202	–	526	–	1,728
(Charge) credited to profit or loss for the year	(163)	–	5,042	–	4,879
Exchange difference	–	–	(21)	–	(21)
As at 31 December 2025	1,039	–	5,547	–	6,586

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

20. DEFERRED TAXATION (Continued)

As at 31 December 2025, the Group has unused Hong Kong and PRC tax losses of approximately RMB33,652,000 and RMB58,451,000 (2024: RMB42,534,000 and RMB47,023,000) respectively available for offsetting against future profits. A deferred tax asset has been recognised in respect of Hong Kong tax losses of approximately RMB33,652,000 (2024: RMB3,185,000) of such losses. No deferred tax asset has been recognised on PRC tax losses of approximately RMB58,451,000 (2024: RMB47,023,000) due to unpredictability of future profit streams. All unrecognised PRC tax losses as at 31 December 2025 will expire in 2027 to 2030 (2024: expired in 2027 to 2029). Other losses may be carried forward indefinitely.

For the year ended 31 December 2025, none of PRC tax losses and HK tax losses of approximately RMB7,718,000 (2024: nil and RMB14,328,000) was being utilised by the Group to set off assessable profit for the year, and PRC tax losses of approximately of RMB2,366,000 (2024: RMB1,508,000) lapsed upon expiry. An addition of approximately RMB13,794,000 of PRC tax losses and no addition of HK tax losses (2024: RMB21,878,000 and none of PRC and HK tax losses respectively) was recognised for the year ended 31 December 2025.

At the end of the reporting period, the Group has deductible temporary differences associated with impairment loss of approximately RMB28,534,000 (2024: RMB14,074,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible differences can be utilised.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was approximately RMB17,199,000 (2024: RMB13,786,000). No deferred tax liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

21. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	11,864	24,944
Work-in-progress	36,430	37,499
Finished goods	7,019	7,882
	55,313	70,325

During the year, a write-down of inventories of RMB4,290,000 has been recognised (2024: reversal of write-down of RMB1,016,000 has been recognised as those inventories were sold at net realisable value of higher than the carrying amounts).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

22. TRADE RECEIVABLES

	2025 RMB'000	2024 RMB'000
Receivables at amortised cost comprise:		
Trade receivables	67,146	65,595
Less: allowance for impairment of trade receivables	(16,378)	(8,004)
	50,768	57,591

At as 31 December 2025, the gross amount of trade receivable arising from contracts with customers amounted to approximately RMB67,146,000 (2024: RMB65,595,000).

The Group allows an average credit period of 30 to 90 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for impairment of trade receivables presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
0 – 30 days	35,411	32,792
31 – 60 days	6,259	13,667
61 – 90 days	2,341	5,931
Over 90 days	6,757	5,201
	50,768	57,591

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed once a year.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group rebutted the presumption of default under ECL model for trade debtors over 90 days past due based on the good repayment records for those customers and continuous business with the Group.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

22. TRADE RECEIVABLES (Continued)

As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The Group recognised lifetime ECL for the trade receivables based on the aging of customers collectively that are not individually significant as follows:

As at 31 December 2025	Weighted average expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	1.22%	40,999	499
0 – 30 days past due	8.40%	6,355	534
31 – 60 days past due	17.15%	373	64
61 – 90 days past due	42.25%	521	220
91 – 180 days past due	44.25%	6,002	2,656
181 – 365 days past due	48.05%	946	455
Over 365 days past due	100.00%	37	37
Default receivables		11,913	11,913
		67,146	16,378

As at 31 December 2024	Weighted average expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	1.82%	49,978	908
0 – 30 days past due	11.77%	4,752	559
31 – 60 days past due	43.44%	4,499	1,955
61 – 90 days past due	70.02%	3,019	2,114
91 – 180 days past due	72.11%	2,424	1,748
181 – 365 days past due	75.27%	821	618
Over 365 days past due	100.00%	102	102
		65,595	8,004

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

22. TRADE RECEIVABLES (Continued)

The movement in the loss allowance on trade receivables is set out below:

	2025 RMB'000	2024 RMB'000
At the beginning of the year	8,004	2,308
Impairment loss on trade receivables	8,500	5,627
Exchange realignment	(126)	69
At the end of the year	16,378	8,004

During the year ended 31 December 2025, the change in loss allowance of trade receivables was due to significant increase in credit risk of certain debtors, management has considered those debtors to be credit-impaired.

The Group's trade receivables that are denominated in currencies other than functional currency of the relevant group entities are set out below:

	2025 RMB'000	2024 RMB'000
USD	5,190	5,266

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

23. PREPAYMENTS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Prepayments	6,046	5,211
Financial asset measured at amortised cost (Note a)	10,000	10,000
Other receivables (Note b)	8,047	10,561
Advance to suppliers	666	750
	24,759	26,522
Less: Allowance for impairment loss on other receivables (Note c)	(2,558)	(270)
	22,201	26,252

Notes:

- (a) During the year ended 31 December 2023, the Group had entered into an agreement with an independent third party for the financial asset measured at amortised cost of RMB10,000,000. The financial asset measured at amortised cost is for one year with expected return rate of 8.6% per annum. On 26 April 2024, the Group has entered into a supplementary agreement with the independent third party to extend the maturity date of the financial asset to 27 April 2025 with expected return rate of 8.6% per annum. On 23 April 2025, the Group has further extend the maturity date of the final asset to 27 April 2026 with expected return rate of 8.6% per annum.

The Group measures the loss allowance for financial asset measured at amortised cost at an amount equal to 12-month ECL since the credit risk is considered to be low and there is no significant increase in credit risk during the year. The loss allowance is insignificant to the Group as at 31 December 2025 and 2024.

- (b) As at 31 December 2025, other receivables included compensation receivables of approximately RMB1,232,000 (2024: nil), net of allowance for impairment of RMB2,288,000 (2024: nil) and loan advance to a third party of nil (2024: RMB5,000,000). The loan advance to a third party was unsecured, interest-bearing and repayable on 5 March 2025.

The Group has individually assessed other receivables at 12-month ECL by applying probability of default approach as those other receivables have low risk of default or have not been significantly increase in credit risk since initial recognition, except for credit-impaired balances which are assessed individually.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

- (c) Included in allowance for impairment loss on other receivables as at 31 December 2025 was an impairment loss on other receivables of RMB2,288,000 (2024: nil) from one of the original shareholders of Youying as the compensation for failure in meeting the conditions of the profit guarantee as disclosed in note 19.

Impairment loss on the respective other receivables was provided by management as there is no realistic prospect of recovery.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

23. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

The movements in the allowance for other receivables are set out below:

	2025 RMB'000	2024 RMB'000
At the beginning of the year	270	3,953
Recognised (reversal of) impairment loss on other receivables	2,288	(3,700)
Exchange realignment	–	17
At the end of the year	2,558	270

The Group's other receivables that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2025 RMB'000	2024 RMB'000
Hong Kong dollars ("HKD")	853	1,194

24. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Financial asset at FVTPL comprises:		
Unlisted fund investment in the PRC	–	3,003
	–	3,003

The fair value of this investment was disclosed in note 33(c).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

25. BANK BALANCES AND CASH

Cash and bank balances included demand deposits and short-term bank deposits for the purpose of meeting the Group's short term cash commitment, which carry interest at market rates which range from 0.001% to 1.25% (2024: 0.001% to 1.25%) per annum.

The Group's cash and bank balances that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2025 RMB'000	2024 RMB'000
USD	1,395	5,858
RMB	53	42
HKD	1,776	2,315
British Pound ("GBP")	11	156
Euro ("EUR")	23	14
Japanese Yen ("JPY")	158	126
	3,416	8,511

26. TRADE AND BILLS PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables	71,160	54,932
Bills payables (note a)	20,599	41,000
	91,759	95,932

Note:

- (a) The amounts relate to trade payables in which the Group has issued bills to the relevant suppliers for future settlement trade payables. The Group continues to recognise these trade payables as the relevant banks are obliged to make payments only on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the consolidated statement of cash flows, settlements of these bills are included within operating cash flows based on the nature of the arrangements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. TRADE AND BILLS PAYABLES (Continued)

An aged analysis of trade and bills payables presented based on the invoice date at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
0 – 30 days	37,628	42,178
31 – 90 days	25,556	20,329
91 – 180 days	27,994	32,868
Over 180 days	581	557
	91,759	95,932

The average credit period on purchase of goods is from 30 to 180 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

27. ACCRUALS AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Payroll and welfare payables	20,109	30,740
Consideration payable (Note a)	13,600	13,600
Other tax payables	1,340	1,679
Other payables	14,685	8,487
	49,734	54,506

Notes:

- (a) The amount represented the second installment of the 40% acquisition cost of RMB34,000,000 to the existing shareholders of Youying according to the investment agreement. Details of which are set out in the announcement of the Company dated 8 May 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Advance from customers	3,177	4,155

As at 1 January 2024, contract liabilities amounted to RMB9,948,000.

Contract liabilities represent advances received from customers before the delivery of products.

The Group receives range from 10% to 30% of the contract values as deposits from customers when they sign the sale and purchase agreements for sales of innerwear products and knitted fabrics.

The changes in contract liabilities in 2025 were mainly due to less sales orders received towards the end of 2025 than it did at the same period of 2024.

Revenue recognised during the year ended 31 December 2025 that was included in the contract liabilities as at 1 January 2025 is approximately RMB4,155,000 (2024: RMB9,948,000). There was no revenue recognised in the current year that related to performance obligations that were satisfied in prior year.

29. LOAN FROM A SHAREHOLDER

As at 31 December 2023, Junfun, the ultimate beneficial owner of the Company, has advanced USD640,000 (equivalent to approximately RMB4,739,000 as at 31 December 2025 (2024: RMB4,583,000)). During the years ended 2024 and 2025, Junfun advanced an additional HKD5,000,000 and HKD9,000,000, respectively (equivalent to approximately RMB4,717,000 (2024: RMB4,873,000) and RMB7,978,000 (2024: nil)) to the Group. The loan is denominated in USD and HKD which are not the functional currency of the relevant group entity to the Group, which are unsecured, non-interest bearing and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. INTEREST-BEARING BORROWINGS

	2025 RMB'000	2024 RMB'000
Bank borrowings – secured	127,949	113,000
Other borrowing	54,400	54,400
	182,349	167,400
Secured	127,949	113,000
Unsecured	54,400	54,400
	182,349	167,400

	2025 RMB'000	2024 RMB'000
Current	182,349	167,400

Based on the scheduled repayment dates set out in the loan agreements, all outstanding bank borrowings and other borrowing are due within from one year to three years. According to the loan agreements, such bank borrowings and other borrowing contained a repayment on demand clause.

As at 31 December 2025, secured bank borrowings with carrying amount of approximately RMB127,949,000 (2024: RMB113,000,000) were secured by right-of-use assets and buildings of the Group. Details are disclosed in note 35.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. INTEREST-BEARING BORROWINGS (Continued)

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

	2025		2025	
	Effective interest rate	RMB'000	Effective interest rate	RMB'000
Variable rate borrowings	4.57% – 5.00%	28,000	4.57% – 5.00%	28,000
Fixed rate borrowings	3.30% – 4.80%	154,349	3.65% – 4.80%	139,400
		182,349		167,400

The Group has variable-rate borrowings which carry interest at base rate plus 1.37% (2024: base rate plus 1.37%). Interest is reset every 12 months (2024: every 12 months) for the year ended 31 December 2025.

During the year, the Group obtained new bank borrowings in the amount of approximately RMB98,019,000 (2024: RMB113,000,000) and renewed other borrowing in the amount of approximately RMB54,400,000 (2024: RMB54,400,000). The borrowings bear interest at market rates and the balance will be repayable in 2026 to 2028. The proceeds were used to finance the working capital.

As at 31 December 2025 and 2024, the carrying amounts of the Group's borrowings are denominated in RMB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

31. SHARE CAPITAL

	Number of shares	Amount RMB'000
Ordinary share without par value		
Authorised:		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	1,000,000,000	N/A
Issued and fully paid:		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	494,335,330	148,929

32. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes loan from a shareholder and interest-bearing borrowings as disclosed in note 29 and note 30 respectively, net of bank balances and cash and equity attributable to the owners of the Company, comprising issued share capital and reserves.

The directors of the Company regularly review the capital structure. As part of this review, the directors of the Company consider the cost of capital and risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new shares issues, the issue of new borrowings or repayment of existing borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2025 RMB'000	2024 RMB'000
Financial assets		
Financial assets at amortised cost	321,376	326,129
Financial assets at FVTPL		
– Contingent consideration receivable	–	30,000
– Unlisted PRC fund investment	–	3,003
	–	33,003
Financial liabilities		
Financial liabilities at amortised cost	315,879	296,494

b. Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables, financial assets at FVTPL, financial asset measured at amortised cost, contingent consideration receivable, bank balances and cash, trade and bills payables, other payables, loan from a shareholder and interest-bearing borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk, market risk (currency risk and interest rate risk) and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. As at 31 December 2025, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties, is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk of the Group mainly arises from bank balances, trade receivables, other receivables and financial asset measured at amortised cost. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets. The carrying amounts of these balances represent our Group's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL collectively by using a provision matrix, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For other non-traded related receivables and bills receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. The Group considers that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12-month ECL.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

In order to minimise credit risk, the management develops and maintains the Group's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the management uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group's exposure to credit risk

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL of trade receivables at amortised cost	Basis for recognising ECL of other financial assets
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired	Lifetime ECL – not credit impaired	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired	Lifetime ECL – not credit impaired	Lifetime ECL – not credit impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred	Lifetime ECL – credit impaired	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group's exposure to credit risk (Continued)

The credit quality of the Group's financial assets and the Group's maximum exposure to credit risk by credit risk rating grades are disclosed in notes 22 and 23 respectively.

The carrying amount of the Group's contingent consideration receivable and financial asset at FVTPL as disclosed in note 19 and 24 best represents their respective maximum exposure to credit risk. The Group holds no collateral over any of these balances.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The following table shows the reconciliation of loss allowances that has been recognised for trade and bills receivables.

	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
At 1 January 2024	2,308	–	2,308
Impairment losses recognised	5,627	–	5,627
Exchange realignment	69	–	69
At 31 December 2024	8,004	–	8,004
Impairment losses recognised	8,500	–	8,500
Transfer to credit-impaired	(11,913)	11,913	–
Exchange realignment	(126)	–	(126)
At 31 December 2025	4,465	11,913	16,378

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group's exposure to credit risk (Continued)

The following table shows reconciliation of loss allowances that has been recognised for other receivables and deposits.

	12m ECL	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
At 1 January 2024	3,953	–	3,953
Impairment loss reversed	(3,683)	–	(3,683)
At 31 December 2024	270	–	270
Impairment losses recognised	–	2,288	2,288
At 31 December 2025	270	2,288	2,558

As at 31 December 2025, the Group's concentration of credit risk by geographical locations is mainly in Japan and the PRC which accounted for 29% and 65% (2024: Japan and the PRC which accounted for 23% and 55%) respectively of the total receivables.

As at 31 December 2025, the Group has concentration of credit risk as 12% (2024: 3%) and 54% (2024: 26%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk

Foreign currency risk

The Group has foreign currency sales, which expose the Group to foreign currency risk. During the year ended 31 December 2025, approximately 71% (2024: 65%), of the Group's sales are denominated in currency other than the functional currency of the group entities making the sales, whilst almost 100% (2024: 100%) of costs are denominated in the group entity's respective functional currencies.

Also, certain trade and other receivables, cash and bank balances, other payables and loan from a shareholder are denominated in USD, RMB, HKD, GBP and EUR which are currencies other than the functional currency of the relevant group entities. The carrying amounts of the Group's major foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	2025 RMB'000	2024 RMB'000
Assets		
USD	6,586	8,699
RMB	52	2,467
HKD	3,452	3,510
GBP	11	156
EUR	23	14
JPY	158	126
Liabilities		
USD	4,874	4,772
HKD	5,560	5,252

The Group currently does not have a foreign currency hedging policy. However, the directors of the Company continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Sensitivity analysis

The Group entities are mainly exposed to the fluctuation of USD, RMB and HKD.

The following table details the Group's sensitivity to a 5% (2024: 5%) increase and decrease in the functional currency of the relevant group entities against the relevant foreign currencies. 5% (2024: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in relevant foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2024: 5%) change in foreign currency rates. The sensitivity analysis includes external loans where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower.

A positive number below indicates a increase/decrease in post-tax loss where the respective foreign currency strengthens 5% (2024: 5%) against the relevant functional currency. For a 5% (2024: 5%) weakening of the respective foreign currency against the relevant functional currency, there would be an equal and opposite impact on the profit or loss.

	USD impact	
	Year ended	Year ended
	31 December	31 December
	2025	2024
	RMB'000	RMB'000
Decrease in loss	45	150

	RMB impact	
	Year ended	Year ended
	31 December	31 December
	2025	2024
	RMB'000	RMB'000
Decrease in loss	2	103

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Sensitivity analysis (Continued)

	HKD impact	
	Year ended 31 December 2025 RMB'000	Year ended 31 December 2024 RMB'000
Increase in loss	(88)	(73)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to financial asset measured at amortised cost (note 23) and fixed-rate interest-bearing borrowings (note 30), and cash flow interest rate risk in relation to variable-rate interest-bearing bank balances (note 25) and interest-bearing borrowings (note 30). The Group currently does not have an interest rate hedging policy. However, the directors of the Company continuously monitor the related interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the interest rate on bank balance and interest rate offered from the People's Bank of China arising from the Group's interest-bearing borrowings.

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments including bank balances and interest-bearing borrowings at the end of the reporting period. The analysis is prepared assuming these financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points (2024: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rate.

If interest rates had been 100 basis points (2024: 100 basis points) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2025 (2024: post-tax loss) would decrease/increase by approximately RMB1,506,000 (2024: RMB1,299,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank and other borrowings.

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank and other borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

As at 31 December 2025	Weighted average interest rate %	On demand or within one year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Non-derivative financial liabilities				
Trade and bills payables	–	91,759	91,759	91,759
Other payables	–	24,337	24,337	24,337
Loan from a shareholder	–	17,434	17,434	17,434
Interest-bearing borrowings	–			
– fixed rate	3.74	162,267	162,267	154,349
– variable rate	5.00	28,662	28,662	28,000
		324,459	324,459	315,879

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For the year ended 31 December 2025

33. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Additional information about the maturity of lease liabilities is provided in the following table:

As at 31 December 2025	Less than one year RMB'000	1-5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Lease liabilities	1,117	886	2,003	1,761

As at 31 December 2024	Weighted average interest rate %	On demand or within one year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
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Non-derivative financial liabilities

Trade and bills payables	–	95,932	95,932	95,932
Other payables	–	23,706	23,706	23,706
Loan from a shareholder	–	9,456	9,456	9,456
Interest-bearing borrowings	–			
– fixed rate	3.90	139,400	139,400	139,400
– variable rate	5.00	28,000	28,000	28,000
		296,494	296,494	296,494

Additional information about the maturity of lease liabilities is provided in the following table:

As at 31 December 2024	Less than one year RMB'000	1-5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Lease liabilities	6,679	1,928	8,607	7,934

For the year ended 31 December 2025

b. Financial risk management objectives and policies (Continued)

The amount included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

The following table provides an analysis of financial instruments that are measured at fair value at the end of each reporting period, grouped into Levels 1 to 3 based on the degree to which the fair value is observable in accordance to the Group's accounting policy.

	At 31 December 2024			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at FVTPL:				
– Contingent consideration receivable	–	–	30,000	30,000
– Unlisted fund investment in PRC	–	3,003	–	3,003
	–	3,003	30,000	33,003

As at 31 December 2025, the Group did not have any financial assets measured at fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. FINANCIAL INSTRUMENTS (Continued)

c. Fair value measurements recognised in the consolidated statement of financial position (Continued)

Fair value of financial asset that are measured at fair value on a recurring basis

The valuation techniques and inputs used in the fair value measurements of each financial instruments on a recurring basis are set out below:

Financial instruments	Fair value hierarchy	Fair value as at		Valuation technique and key inputs	Significant unobservable inputs	Range	Relationship of key inputs and significant unobservable inputs to fair value
		31 December 2025	31 December 2024				
		RMB'000	RMB'000				
Contingent consideration receivable	Level 3	-	30,000	Probability weighted method with income approach - By reference to the present value of the discounted cash flows model to be derived from the future cash flow, based on an appropriate discount rate	Discount rate	Nil (2024: 21%)	The higher the discount rate, the lower the fair value.
Unlisted fund investment in PRC	Level 2	-	3,003	By reference to the fair value of the underlying assets held by the investment through the ownership	N/A	N/A	N/A

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. FINANCIAL INSTRUMENTS (Continued)

c. Fair value measurements recognised in the consolidated statement of financial position (Continued)

Fair value of financial asset that are measured at fair value on a recurring basis (Continued)

For recurring fair value measurements categorised within Level 3 of the fair value hierarchy, if the bond risky rate to the valuation model were 5% higher/lower while all the other variables were held constant, the contingent consideration receivable as at 31 December 2024 would decrease by RMB161,000 (2025: nil) or increase by RMB164,000 (2025: nil) respectively.

Reconciliation of Level 3 fair value measurements of financial asset on recurring basis:

	Contingent consideration receivable RMB'000
At 1 January 2024, 31 December 2024 and 1 January 2025	30,000
Fair value loss on contingent consideration receivable	(26,480)
Derecognition to other receivables	(3,520)
At 31 December 2025	—

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For the year ended 31 December 2025

34. OPERATING LEASE ARRANGEMENT

The Group as lessor

The Group leases out investment property under operating leases. The leases typically run for an initial period of 10 years. None of the leases includes variable lease payments. An operating lease arrangement was entered by the Group and commenced from 1 January 2022 for 10 years.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	150	150
After 1 year but within 2 years	150	150
After 2 years but within 3 years	150	150
After 3 years but within 4 years	150	150
After 4 years but within 5 years	150	150
After 5 years	150	300
	900	1,050

35. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure interest-bearing borrowings (Note 30) of the Group at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Right-of-use assets	9,154	9,393
Buildings	61,528	63,328
	70,682	72,721

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For the year ended 31 December 2025

36. RETIREMENT BENEFIT SCHEMES

The employees employed in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The Group operates a Mandatory Provident Fund Scheme ("**MPF Scheme**") for all qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The assets of the schemes are held separately from those of the Group, in independently administered funds. Monthly contributions made by the subsidiaries are calculated based on certain percentages of the applicable payroll costs or fixed sums as stipulated under the relevant requirements, as appropriate. The employees are required to contribute 5% of their monthly salaries or up to a maximum of HKD1,500 and they can choose to make additional contributions. The employees are entitled to 100% of the employer's mandatory contributions upon their retirement at the age of 65, death or total incapacity.

The total cost charged to profit or loss of approximately RMB17,389,000 (2024: RMB17,126,000) represents contributions payable to these schemes by the Group in respect of the current accounting period.

Long Service Payment Liabilities

Obligation to long service payments ("LSP") under Hong Kong Employment Ordinance

Pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay LSP to employees in Hong Kong under certain circumstances, subject to a minimum of 5 years employment period, based on this formula: Last monthly wages (before termination of employment) $\times$ 2/3 $\times$ Years of service. Last monthly wages are capped at HK\$22,500 while the amount of long service payment shall not exceed HK\$390,000. This obligation is accounted for as a post-employment defined benefit plan.

Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group's Mandatory Provident Fund contributions, plus/minus any positive/negative returns thereof (collectively, the "**Eligible Offset Amount**"), for the purpose of offsetting LSP payable to an employee (the "**Offsetting Arrangement**").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

36. RETIREMENT BENEFIT SCHEMES (Continued)

Long Service Payment Liabilities (Continued)

Obligation to long service payments ("LSP") under Hong Kong Employment Ordinance (Continued)

The Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**") was gazetted on 17 June 2022, which will eventually abolish the Offsetting Arrangement. The Amendment Ordinance will come into effect prospectively from 1 May 2025 (the "**Transition Date**"). Under the Amendment Ordinance, the Eligible Offset Amount after the Transition Date can only be applied to offset the pre-Transition Date LSP obligation but no longer eligible to offset the post-Transition Date LSP obligation. Furthermore, the LSP obligations before the Transition Date will be grandfathered and calculated based on the last monthly wages immediately preceding the Transition Date.

The Group has considered the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

37. MATERIAL RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with related parties.

Compensation of key management personnel

The emolument of the directors of the Company and other members of key management during the year was as follows:

	2025 RMB'000	2024 RMB'000
Short-term benefits	15,655	14,583
Post-employment benefits	715	723
	16,370	15,306

The emolument of directors of the Company and key executives is determined by the board of directors having regard to the performance of individuals and market trends.

Details of the balances with related companies at the end of the reporting period are set out in the consolidated statement of financial position and in respective notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

38. LITIGATION

Shenzhen Ibimfish Square Technology Co., Ltd.* (“深圳比目魚平方科技有限公司”) (“**Shenzhen Ibimfish**”) sued Youying in June 2023 in relation to a default of debt of approximately RMB5,026,000 and overdue interest expenses, which were calculated based on the debt amount with interest rate of 3.55% p.a. and calculated from 5 August 2023 until the debt was fully settled. The Shenzhen Qianhai Cooperation Zone People’s Court made a judgment against Youying and ordered Youying to repay the debt of RMB5,026,000 with an interest rate of 3.55% p.a. to Shenzhen Ibimfish. A bank deposit of RMB5,026,000 has been seized by the court. Youying appealed against such judgment and the Shenzhen Intermediate People’s Court had accepted the appeal and the first hearing was held in April 2024.

Youying sued Eagle Eye Precision Testing Technology (Shenzhen) Co., Ltd.* (“鷹眼精測技術(深圳)有限公司”) (“**Eagle Eye**”) (a former related company of Shenzhen Ibimfish) in November 2023 in relation to the default of debt of approximately RMB3,780,000 and overdue interest expenses. Youying claimed that both Shenzhen Ibimfish and Ibimfish Vision Technology (Shenzhen) Co., Ltd.* (“比目魚視界科技(深圳)有限公司”) (“**Ibimfish Vision**”) should bear joint liability for the repayment of such debt for their former related company. Such a cause was accepted by the Shenzhen Nanshan District People’s Court in April 2024.

Ibimfish Vision sued Youying in June 2023 and claimed that Ibimfish Vision is the joint right owner of certain utility model patents and software copyrights which were registered in Youying’s name alone. Such a case was accepted by the Shenzhen Intermediate People’s Court in March 2024.

On 17 April 2024, the three cases were settled out of court, with Youying, Shenzhen Ibimfish, Eagle Eye, and Ibimfish Vision jointly confirming that Youying owed the other three parties a total amount of approximately RMB1,746,000. The other three parties agreed, and Youying promised that it would pay this total amount to Shenzhen Ibimfish within 5 working days from the effective date of the court mediation agreement, thus concluding the debts and obligations among the four parties. The court mediation agreement became effective on 19 April 2024, and the amount of approximately RMB1,746,000 was fully paid by Youying to Shenzhen Ibimfish on 23 April 2024. Additionally, the restricted bank deposit of RMB5,026,000 was released during the year ended 31 December 2024.

The management considered the case would have no impact to the consolidated financial statement for the year ended 31 December 2025.

* The English translation of the company names is for reference only. The official names of these companies are in Chinese.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

39. MAJOR NON-CASH TRANSACTIONS

- (a) During the year ended 31 December 2025, the Group entered into a new arrangement in respect of factory. Right-of-use assets and lease liabilities of approximately RMB158,000 (2024: RMB2,240,000) were recognised at the commencement of the lease.
- (b) During the year ended 31 December 2025, the Group had a total addition of plant, property and equipment amounting to approximately RMB19,812,000 (2024: RMB22,191,000), out of which approximately nil (2024: RMB365,000) was settled by the deposit paid in year ended 31 December 2025.
- (c) During the year ended 31 December 2024, the Group early terminated a lease of staff quarter and derecognised right-of-use assets and lease liabilities of approximately RMB299,000 and RMB217,000 respectively, resulting in a loss on early termination of lease agreement of approximately HK\$82,000 being recognised in the consolidated statement of profit or loss and other comprehensive income for the year.
- (d) During the year ended 31 December 2025, the Group had a lease modification in respect of office and derecognised right-of-use assets and lease liabilities of approximately RMB1,191,000 and RMB1,377,000 respectively, resulting in a gain on lease modification of approximately RMB186,000.
- (e) During the year ended 31 December 2025, the Group derecognised contingent consideration receivables of RMB30,000,000 and fair value loss on contingent consideration receivable of RMB26,480,000 was recognised, the carrying amount of RMB3,520,000 was transferred to other receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	1 January 2025 RMB'000	Financing cash flows RMB'000	Non-cash changes				Foreign exchange movements RMB'000	31 December 2025 RMB'000
			Government grants receivable RMB'000	New lease arrangements RMB'000 (Note 39(a))	Lease modification RMB'000 (Note 39(d))	Finance cost incurred RMB'000		
Interest-bearing borrowings (Note 30)	167,400	14,949	-	-	-	-	-	182,349
Government grants received	-	241	(241)	-	-	-	-	-
Accrued interest	-	(6,072)	-	-	-	6,072	-	-
Loan from a shareholder (Note 29)	9,456	8,258	-	-	-	-	(280)	17,434
Lease liabilities (Note 17)	7,934	(5,249)	-	158	(1,377)	426	(131)	1,761
Total	184,790	12,127	(241)	158	(1,377)	6,498	(411)	201,544

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (Continued)

	1 January 2024 RMB'000	Financing cash flows RMB'000	Non-cash changes				Foreign exchange movements RMB'000	31 December 2024 RMB'000
			Government grants receivable RMB'000	New lease arrangements RMB'000 (Note 39(a))	Early termination of lease RMB'000 (Note 39(c))	Finance cost incurred RMB'000		
Interest-bearing borrowings (Note 30)	157,400	10,000	-	-	-	-	-	167,400
Government grants received	-	317	(317)	-	-	-	-	-
Accrued interest	-	(9,817)	-	-	-	9,817	-	-
Loan from a shareholder (Note 29)	4,583	4,619	-	-	-	-	254	9,456
Lease liabilities (Note 17)	10,055	(5,002)	-	2,240	(217)	712	146	7,934
Total	172,038	117	(317)	2,240	(217)	10,529	400	184,790

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

41. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the subsidiaries as at 31 December 2025 and 2024 are as follows:

Name	Place of incorporation/ registration and operations	Class of shares held	Nominal value of issued ordinary/ registered share capital	Proportion of ownership interest held by the Company		Proportion of voting power held by the Company		Principal activities
				2025	2024	2025	2024	
Directly held								
Grand Concord Holdings Group Limited	BVI	Ordinary	USD1	100%	100%	100%	100%	Investment holding
Indirectly held								
Grand Concord Holding (Hong Kong) Limited 廣豪集團(香港)有限公司	Hong Kong	Ordinary	HKD70,000,000	100%	100%	100%	100%	Investment holding
Grand Concord Garment (Hong Kong) Limited 廣豪服飾(香港)有限公司	Hong Kong	Ordinary	HKD1	100%	100%	100%	100%	Trading of garments
Greatime Investment Holdings Limited 廣泰投資控股有限公司	Hong Kong	Ordinary	HKD100	100%	100%	100%	100%	Investment holding
Zhucheng Eternal Knitting Co., Limited 諸城裕泰針織有限公司 (notes (a) and (d))	The PRC	Ordinary	USD17,300,000	100%	100%	100%	100%	Manufacture of innerwear
Zhucheng Yumin Knitting Co., Limited 諸城裕民針織有限公司 (notes (a) and (d))	The PRC	Ordinary	USD15,900,000	100%	100%	100%	100%	Manufacture of fabrics, provision of fabric weaving knitting, printing and dyeing services

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For the year ended 31 December 2025

41. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

Name	Place of incorporation/ registration and operations	Class of shares held	Nominal value of issued ordinary/ registered share capital	Proportion of ownership interest held by the Company		Proportion of voting power held by the Company		Principal activities
				2025	2024	2025	2024	
Indirectly held (Continued)								
Shandong Shundu International Trading Limited 山東順都國際貿易 有限公司 (notes (a) and (d))	The PRC	Ordinary	USD1,500,000	100%	100%	100%	100%	Trading of garments
Zhucheng Yuan Knitting Co., Limited 諸城裕安針織有限公司 (notes (a) and (d))	The PRC	Ordinary	RMB5,000,000	100%	100%	100%	100%	Manufacture of innerwear and garments
Hainan Guangxun International Investment Co., Ltd 海南廣迅國際投資 有限公司 (notes (a) and (d))	The PRC	Ordinary	RMB150,000,000	100%	100%	100%	100%	Investment holding
Youying 優鷹智能科技 (深圳)有限公司 (notes (b), (c) and (d))	The PRC	Ordinary	RMB19,138,000	40%	40%	40%	40%	Provision of space measurement services, industrial drones and measurement robots

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

41. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

Name	Place of incorporation/ registration and operations	Class of shares held	Nominal value of issued ordinary/ registered share capital	Proportion of ownership interest held by the Company		Proportion of voting power held by the Company		Principal activities
				2025	2024	2025	2024	
Indirectly held (Continued)								
Bihu 長寬必虎數字科技 (深圳)有限公司 (notes (b), (c) and (d))	The PRC	Ordinary	RMB12,862,000	40%	40%	40%	40%	Provision of space measurement services
Youying Intelligent Technology (Chengdu) Co., Ltd ("Youying Chengdu") 優鷹智能科技(成都)有限 公司 (notes (b), (c) and (d))	The PRC	Ordinary	RMB5,000,000	40%	40%	40%	40%	Provision of space measurement services, industrial drones and measurement robots
Yuhua Company Limited	Myanmar	Ordinary	MMK100,000,000	100%	100%	100%	100%	Manufacturing of garments
Jade Blue Company Limited	Myanmar	Ordinary	USD5,200,000	100%	100%	100%	100%	Manufacturing of fabrics

Notes:

- (a) The entity is wholly foreign owned enterprise established in the PRC.
- (b) The entity is limited company established in the PRC.
- (c) The Group holds significantly more voting rights than any other vote holder, and the Group has the right to appoint four out of seven members of the board of directors of Youying as stated in the amended articles of association of Youying, so the Group has the control over Youying and its whole owned subsidiaries, Bihu and Youying Chengdu.
- (d) The English translation of the company names is for reference only. The official names of these companies are in Chinese.

None of the subsidiaries had issued debt securities at the end of the years 31 December 2025 and 2024 or at any time during both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

42. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	Notes	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment		15	25
Right-of-use assets		–	751
Unlisted investment in a subsidiary	(a)	24,079	22,194
		24,094	22,970
Current assets			
Prepayments and other receivables		161	437
Amount due from a subsidiary	(a)	–	–
Cash and bank balances		1,502	2,131
		1,663	2,568
Current liabilities			
Accruals and other payables		978	535
Loan from a shareholder (Note 30)		17,434	9,456
Lease liabilities		–	842
		18,412	10,833
Net current liabilities		(16,749)	(8,265)
Net assets		7,345	14,705
Capital and reserves			
Share capital (Note 32)		148,929	148,929
Reserves	(b)	(141,584)	(134,224)
Total equity		7,345	14,705

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

42. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Notes:

- (a) For the year ended 31 December 2025, accumulated impairment of approximately RMB3,992,000 on investment in a subsidiary and accumulated impairment of approximately RMB66,594,000 on amount due from a subsidiary (2024: RMB5,877,000 and 68,643,000) were recognised.

Amount due from a subsidiary is unsecured, non-interest bearing and repayable on demand.

(b) **Movement in the Company's reserves**

	Other reserve RMB'000 (Note)	Accumulated losses RMB'000	Total RMB'000
As at 1 January 2024	27,988	(150,095)	(122,107)
Loss and total comprehensive expense for the year	—	(12,117)	(12,117)
As at 31 December 2024 and 1 January 2025	27,988	(162,212)	(134,224)
Loss and total comprehensive expense for the year	—	(7,360)	(7,360)
As at 31 December 2025	27,988	(169,572)	(141,584)

Note: Other reserve represented the difference between the nominal value of the shares of the Company issued and net asset values of Grand Concord Holding (Hong Kong) Limited upon group reorganisation undertaken in 2011.