



YUSEI HOLDINGS LIMITED 友成控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 00096)

2025 ANNUAL REPORT



* For identification only

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CORPORATE INFORMATION

REGISTERED OFFICE

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Xiaoshan District, Hangzhou City,
Zhejiang Province,
The PRC

BUSINESS ADDRESS IN HONG KONG

Unit D6B, 17/F.,
TML Tower
3 Hoi Shing Road
Tsuen Wan
N.T. Hong Kong

COMPANY SECRETARY

Mr. Shum Shing Kei CPA

COMPLIANCE OFFICER

Mr. Xu Yong

AUDIT COMMITTEE

Mr. Lo Ka Wai (resigned on 15 November 2025)
Mr. Fan Xiaoping
Mr. Hisaki Takabayashi
Mr. He Xiangli (appointed on 1 February 2026)

REMUNERATION COMMITTEE

Mr. Lo Ka Wai (resigned on 15 November 2025)
Mr. Fan Xiaoping
Mr. Hisaki Takabayashi
Mr. He Xiangli (appointed on 1 February 2026)

NOMINATION COMMITTEE

Mr. Lo Ka Wai (resigned on 15 November 2025)
Mr. Fan Xiaoping
Mr. Hisaki Takabayashi
Ms. Xu Shiney Xiaoying
Mr. He Xiangli (appointed on 1 February 2026)

AUTHORISED REPRESENTATIVES

Mr. Xu Yong
Mr. Shum Shing Kei

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D,
P.O. Box 1586, Gardenia Court,
Camana Bay, Grand Cayman,
KY1-1100
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

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AUDITOR

SHINEWING (HK) CPA Limited

PRINCIPAL BANKERS

Industrial and Commercial Bank of China
54 Chenghe Street
Xiaoshan
Hangzhou
Zhejiang 311201
The PRC

Agricultural Bank of China Jianshe Road
Xiaoshan Economy & Technology Development
Zone
Zhejiang
311215
The PRC

Shanghai Pudong Development Bank
55 Tiyu Road
Chengxiang Town, Xiaoshan
Zhejiang
311215
The PRC

The Bank of Tokyo-Mitsubishi, UF J Ltd
20/F, AZIA Center
1233 Lujiazui Ring Road
Pudong Shanghai
People's Republic of China

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31 December 2025, the Group is principally engaged in the design, development and fabrication of precision plastic injection moulds, and the manufacture of plastic components in the Peoples' Republic of China (the "PRC"). The Group also provides services for certain assembling and further processing of plastic components for its customers. The Group's customers are mainly the manufacturers of branded auto parts and components.

During the year ended 31 December 2025, the Group has been benefited from the steady growth in revenue due to domestic and overseas customers' increased orders. As a result, the Group's revenue and its profit attributable to shareholders of the Company for the year ended 31 December 2025 was approximately RMB2,161,944,000 and RMB101,404,000, respectively.

For the year ended 31 December 2025, the Group incurred research and development expenses of approximately RMB98,560,000 (2024: RMB91,712,000). The Group will continue to carry out research and development of moulding as the core, actively consolidate the technological advantages, and continue to strengthen the automated production, and improve the production processes so as to improve production efficiency. In addition, to enhance the cost advantage, the Group constructs production plants near to the main customers for providing fast and efficient services to the main customers. The Group had set up Yusei Mexico and Yusei Serbia (both are the Group's overseas subsidiaries) and installed the production lines for production and sales of the moulding and of auto parts and components in American and European markets, in order to become a global automotive parts supplier.

Meanwhile, in order to maintain the competitive advantage in the market segment, the Group continues to invest in purchasing more advanced equipment. In addition, we continue to put effort to develop the existing business and to explore new business.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 December 2025 increased by 6.8% to approximately RMB2,161,944,000 as compared to that of approximately RMB2,024,350,000 for the year ended 31 December 2024 which was mainly benefited from the steady growth in the demand on the Group's products during the year. The revenue recorded by the regions outside PRC contributed approximately 7.69% (2024: 4.33%) to the Group's total revenue, i.e. increased by 3.36 percentage points.

Gross profit

The Group achieved a gross profit of approximately RMB344,448,000 for the year ended 31 December 2025, representing an increase of approximately 15.6% as compared to that of approximately RMB297,919,000 for the year ended 31 December 2024.

Increase in gross profit was mainly due to increase in revenue and increase in average gross profit margin during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's average gross profit margin was increased to approximately 15.9% for the year ended 31 December 2025 from approximately 14.7% for the year ended 31 December 2024. Such increase was mainly due to the Group's effective control over labour costs leading to lowering the average unit costs of products, and the average gross profit margin achieved in the overseas market was slightly higher than that of domestic market.

Distribution costs

Distribution costs for the year ended 31 December 2025 increased by approximately 21.1% to approximately RMB152,943,000 as compared to that of approximately RMB126,325,000 for the year ended 31 December 2024. The distribution costs were increased in line with increase in revenue.

Net foreign exchange gain/loss

Net foreign exchange gain/loss mainly represented the gain/loss arising from foreign currency translation of sales and purchases denominated in Japanese Yen ("JPY"), Euro Dollars and United State dollars ("US\$") into RMB.

Administrative expenses

Administrative expenses for the year ended 31 December 2025 increased approximately by 20.8% to RMB110,232,000 as compared to that of approximately RMB91,265,000 for the year ended 31 December 2024. Such increase was mainly attributable to the increase in overall administrative expenses of subsidiaries as a result of increase in operating capacity.

Finance costs

Finance costs for the year ended 31 December 2025 increased approximately by 27.5% to RMB38,410,000 as compared to that of approximately RMB30,125,000 for the year ended 31 December 2024 due to net effect of increase in bank loans for business expansion purposes and decrease in average borrowing interest rate.

Profit attributable to owners of the Company

The profit attributable to owners of the Company increased by approximately 13.0% from approximately RMB89,733,000 for the year ended 31 December 2024 to approximately RMB101,404,000 for the year ended 31 December 2025.

Financial resources and liquidity

As at 31 December 2025, the equity amounted to approximately RMB1,064,437,000 (2024: RMB968,079,000). Current assets amounted to approximately RMB1,824,333,000 (2024: RMB1,670,900,000), of which bank balances and cash totaling approximately RMB143,266,000 (2024: RMB188,892,000), pledged bank deposits of approximately RMB45,591,000 (2024: RMB55,108,000), inventories of approximately RMB606,641,000 (2024: RMB480,840,000) and trade and bill receivables, deposits and prepayments of approximately RMB1,019,180,000 (2024: RMB940,731,000). The Group had non-current assets of approximately RMB1,450,589,000 (2024: RMB1,333,953,000) and its current liabilities amounted to approximately RMB2,108,352,000 (2024: RMB1,814,014,000), comprising mainly its creditors and accrued charges, and bank and other borrowings. Non-current liabilities amounted to approximately RMB102,133,000 (2024: RMB222,760,000). The net asset value per share was RMB1.67 (2024: RMB1.52). The Group expresses its gearing ratio as a percentage of borrowings over total assets. As at 31 December 2025, the Group had a gearing ratio of 26.8% (2024: 24.9%).

MANAGEMENT DISCUSSION AND ANALYSIS

Segment information

The sole principal activity of the Group is moulding fabrication, manufacturing and trading of moulds and plastic components. All the Group's operations are located and carried out in the PRC, Mexico and Serbia and the Group operated in a single operating segment. Segmental analysis has been presented in the relevant paragraph of this announcement accordingly.

Employment and remuneration policy

As at 31 December 2025, the total number of the Group's staff was approximately 3,910 (2024: 3,243). The total staff costs (including directors' remuneration) amounted to approximately RMB418,136,000 (2024: RMB306,504,000) for the year. The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group provides retirement benefit for its employees in Hong Kong in form of mandatory provident fund and provides similar schemes for its employees in the PRC, Mexico and Serbia.

Charge on group assets

As at 31 December 2025, the Group's bank loans are secured by right-of-use assets, property, plant and equipment and investment properties of the Group with net carrying values of approximately RMB67,957,000 (2024: RMB69,443,000), RMB306,510,000 (2024: RMB152,539,000) and RMB219,403,000 (2024: nil), respectively.

As at 31 December 2025, the Group's other loans of approximately RMB577,000 (2024: RMB7,293,000) were secured under sales and leaseback agreements by the Group's property, plant and equipment with net carrying value of RMB4,658,000 (2024: RMB7,929,000). The remaining other loans of approximately RMB50,000,000 (2024: RMB50,000,000) were secured by the Group's interest in associates with carrying values of approximately RMB61,501,000 (2024: RMB54,357,000).

Foreign currency risk

The Group carries on business in RMB, US\$ and JPY and therefore the Group is exposed to foreign currency risk as the values of these currencies fluctuate in the international market.

The Group's exposure to foreign currency risk is attributable to the trade and bills receivables, deposits and other receivables; bank balances and cash; trade and other payables, bank and other loans of the Group which are denominated in foreign currencies of US\$, JPY and EUR. The functional currencies of the relevant group entities are RMB, HK\$, MXN and RSD. The Group currently does not have a foreign currency hedging policy in respect of foreign currency exposure. However, the directors monitor the related foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

Material acquisitions and disposal

Save as those disclosed above, the Group did not make any significant investments or material acquisitions and disposals of subsidiaries during the year ended 31 December 2025.

Contingent liabilities

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

OUTLOOK

The Group believes that 2026 will be a challenging year. The ongoing Middle East conflict has led to a sharp rise in crude oil prices, inevitably impacting the price of plastic raw materials and adding significant risks to the Group's operating costs. Furthermore, the decline in domestic sales of traditional gasoline-powered vehicles will also pose uncertainties to the Group's business in some regions. However, the Group will closely monitor these risks and promptly develop relevant strategies to mitigate their impact.

Management will actively adopt the Group's strategy to leverage on the experience of its management team in the plastic component manufacturing industry and its expertise in mould development to enhance the quality of its products, expand its customer base and strengthen the leading position in the high-end mould industry and its overall core competitiveness in relation to the one-stop services ranging from products development, plastic injection, aluminium-plating and assembling, with determination to become a globally competitive automotive parts supplier.

As a service provider to the well-known international branded manufacturers, the management believes that the Group possesses the managerial characteristics which our major customers may appreciate, including: (i) high-level demand on the quality of the products, particularly in the automotive parts and components, office automation machines like assembling parts of photocopiers and printers must meet a high standard of precision in order to ensure the machine work effectively; (ii) emphasis on production efficiency to shorten the production cycle; (iii) active participation in production process of the suppliers to ensure the product quality and the mutual communication to improve the suppliers' production efficiency; and (iv) the Group constructs the factories of automation with automation machineries based on our own needs. It enhances the production efficiency and reduces the labour costs. In addition, to deliver the parts and components of high precision to the customers, the Group put much efforts in acquisition of advanced production machineries which were made by the international well-known branded manufacturers. Meanwhile, the Group self-developed an information system and has become a high-quality service provider for the digital transformation of various manufacturing companies.

For keeping abreast of the current development in the market and the customers' needs, the Group strengthens the communication with customers in USA and Japan. Apart from seconding technicians to Japan for training, the Group employed experienced salesmen and technicians from Europe, America and Japan to improve the capability of marketing and technical ability.

Meanwhile, the Group continues to strengthen intelligent construction in order to improve the operating efficiency of the enterprise. The Group introduced high-level software talents and self-developed ERP, MES and other information systems, with combination of upgrades and transformation on automation, to achieve digitalization and visualization of processes across product development, production process, inventory warehousing and delivery. It greatly improved production efficiency and ensured quality stability.

MANAGEMENT DISCUSSION AND ANALYSIS

As regards the quality of the products, the Group had adopted ERP system to facilitate the production flow and monitor the product quality. To response the changing technology in the industry, the Company will continue to acquire and install advanced machinery and equipment and to increase the ability to design and develop precision plastic injection moulds. The Company will rely on the one-stop solution from precision mould, plastic injection, aluminium plating to assembling to improve the sales network to capture opportunities in order to increase market share and to enlarge the customer bases. Nevertheless, the Group is cautious in accepting the new customers and we take into account of all factors in the process, including product pricing and the reputation of the potential customers and so on. For market exploring, the Group will continue to promote its business internationally.

In order to keep up with the development of auto industry and to further meet customer demand, the Group, penetrating in 3 largest automobile manufacturing markets in Europe, Asia and America, will continue to put resources, when appropriate, to develop new business. In response to the development pace of their customers, the Group will install additional production lines for production for moulding and of auto parts and components in PRC, American and European markets, when appropriate.

The Company's subsidiary, Hangzhou Yusei Tech Co., Ltd. ("Yusei Tech"), is dedicated to developing and building SaaS cloud computing software systems for manufacturing enterprises. These systems leverage cloud computing and big data analytics to manage all aspects of the enterprise's production chain and ultimately deliver data.

Yusei Tech has been recognized as a National High-Tech Enterprise, a Provincial-Level Intelligent Manufacturing Supplier, a Provincial-Level Industrial Digitalization Service Provider, a Provincial-Level Industrial Internet Creation Unit, a Provincial-Level Science and Technology-based SME, a Municipal-Level High-Tech Enterprise, a Municipal-Level Emerging Enterprise, a Municipal-Level High-Tech Enterprise R&D Center, a Municipal-Level High-Quality Digitalization Service Provider, a Municipal-Level High-Tech Enterprise Digital Transformation City Solution Excellent Service Provider, a leading solution provider for the municipal government's AI large-scale model in manufacturing, a district-level key industrial internet platform, a district-level technology-related enterprise, and a district-level refined industrial digitalization general contractor. Furthermore, Yusei Tech has obtained ISO 9001 Quality Management System, ISO 20000 Information Technology Service System, ISO 27001 Information Security Management System, and CMMI Level 3 Software Development Maturity Certification.

Since its establishment in 2017, Yusei Tech has served more than 200 automotive parts and high-end equipment manufacturing companies. It has also established a deep ecosystem partnership with Alibaba's DingTalk, using industrial artificial intelligence as a support to create an intelligent application platform for the automotive parts industry, becoming another growth driver for the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Principal risks and uncertainties

Below are principal risks and uncertainties that may have a material and adverse effect on the Group's business, financial conditions and results of operations and the Group's risk management measures:

1. The Group may not be able to maintain its historical growth rates or profit margins, and its results of operations may fluctuate.

Building on its existing client base, the Group will continue to seek new customers. In addition, the Group leverages on the expertise and experience of its senior management to deliver efficient operation and management, so as to reduce the risk of instability.

2. The Group's business depends on its ability to retain key personnel.

The Group maintains good relationship with its senior management and provides its staff with sufficient professional trainings. Staff remuneration and benefits are in line with the prevailing market rates and subject to regular review by the Group.

3. Labour shortages and increase in labour costs may have an adverse effect on the Group's business operations.

The Group will step up efforts to recruit appropriate employees through various channels. The Group is committed to cultivating employees with great potential to become more productive senior staff.

In addition, the Group's activities are exposed to a variety of financial risks including foreign currency risk, interest rate risk, credit risk and liquidity risk. Details of the financial risks are set out in the Company's annual report.

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise the design, development and fabrication of plastic injection moulds and the manufacture of plastic components in the People's Republic of China (the "PRC"), Mexico and Serbia. There were no significant changes in the nature of the Group's principal activities during the year.

BUSINESS REVIEW

The business review of the Group during the year, the description of the future business development, and the risks and uncertainties that the Group faces are set out in the Management Discussion and Analysis in this report. The particulars of financial risk management of the Group are set out in note 30(b) to the consolidated financial statements. A discussion and analysis of the Group's performance during the year is provided in the Management Discussion and Analysis in this report.

RESULTS AND DIVIDENDS

The profit for the year ended 31 December 2025 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 37 to 112.

The Directors recommended the payment of a final dividend of RMB1.30 cents per share in respect of the year ended 31 December 2025 subject to the approval from the forthcoming annual general meeting.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out as follows:

RESULTS

	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	2,161,944	2,024,350	1,942,475	1,765,736	1,462,235
Cost of sales	(1,817,496)	(1,726,431)	(1,702,632)	(1,562,695)	(1,296,055)
Gross profit	344,448	297,919	239,843	203,041	166,180
Other income and gain	42,772	51,001	59,789	38,782	29,785
Net foreign exchange gain (loss)	14,987	(10,214)	1,453	(113)	95
Distribution costs	(152,943)	(126,325)	(113,557)	(106,317)	(70,796)
Administrative expenses	(110,232)	(91,265)	(73,098)	(62,869)	(55,412)
Finance costs	(38,410)	(30,125)	(36,849)	(24,072)	(17,657)
Share of profits of associates	7,650	5,944	7,372	7,109	1,603
Profit before tax	108,272	96,935	84,953	55,561	53,798
Income tax (expense)/credit	(1,122)	(2,396)	(3,871)	704	(1,915)
Profit for the year	107,150	94,539	81,082	56,265	51,883
ASSETS AND LIABILITIES					
Total assets	3,274,922	3,004,853	2,583,779	2,321,997	1,817,212
Total liabilities	(2,210,485)	(2,036,774)	(1,687,257)	(1,497,884)	(1,036,526)
	1,064,437	968,079	896,522	824,113	780,686

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

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

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

REPORT OF THE DIRECTORS

PRE-EMPTIVE RIGHTS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 37 to the consolidated financial statements and the consolidated statement of changes in equity and note 29 to the consolidated financial statements, respectively.

The reserve available for distribution to shareholders is based on the lower of the aggregate amount of profit after taxation for the year and retained profits brought forward determined under accounting standards in the PRC and that determined under general accepted accounting principles of Hong Kong after deduction of the current year's appropriations to the statutory surplus reserve and statutory public welfare fund.

RELATIONSHIP OF STAKEHOLDERS

To the best knowledge of the Group, employees, customers and business partners are the key to have continuous sustainable development. We commit to be people oriented and build up good relationship with employees, and work together with our business partners to provide high quality products and services to achieve the goal of sustainable development and contribution to the society.

ENVIRONMENTAL POLICY AND PERFORMANCE

The Group paid high attention to environmental protection and energy conservation to enhance the capacity of sustainable development and undertake relative social responsibility.

COMPLIANCE WITH RELATED LAW AND REGULATIONS

As far as the Board and management are aware, the Group has complied all related laws and regulations in all material aspects which may have significant impact on the operation of the Group.

REMUNERATION POLICY

As at 31 December 2025, the total number of the Group's staff was approximately 3,910. The total staff costs (including directors' remuneration) amounted to approximately RMB418,136,000 for the year. The Group remunerates its employees (including directors and senior management) based on their performance, experience and prevailing industry practice. The Group provides retirement benefit for its employees in Hong Kong in form of mandatory provident fund and provides similar schemes for its employees in the PRC, Mexico and Serbia.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 47% of the total sales for the year and sales to the largest customer included therein amounted to 12%. Purchases from the Group's five largest suppliers accounted for less than 30% of the total purchases for the year.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or five largest suppliers.

DIRECTORS

The directors of the Company during the year and at the date of this report were:

Executive directors:

Mr. Xu Yong
Mr. Manabu Shimabayashi
Ms. Xu Shiney Xiaoying

Non-executive directors:

Mr. Katsutoshi Masuda
Mr. Toshimitsu Masuda
Mr. Lo Ka Wai* (resigned on 15 November 2025)
Mr. Fan Xiaoping*
Mr. Hisaki Takabayashi*
Mr. He Xiangli* (appointed on 1 February 2026)

** Independent non-executive directors*

In accordance with articles 87 and 88 of the Company's articles of association, Messrs Xu Yong, Manabu Shimabayashi and He Xiangli will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence from Messrs Fan Xiaoping, Hisaki Takabayashi and He Xiangli and as at the date of this report still considers them to be independent.

REPORT OF THE DIRECTORS

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 30 to 31 of the annual report.

DIRECTORS' SERVICE CONTRACTS

The Company has entered into service contracts with the executive directors for a term of 3 years. The contracts shall be continuing thereafter unless and until terminated by either party thereto giving to the other not less than three months written notice.

In addition, the Company has entered into letter of appointment with non-executive directors and independent non-executive directors which shall be continuing unless and until terminated by either party thereto giving to the other not less than three months written notice.

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 directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 35 to the consolidated financial statements, no director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES OF THE COMPANY

The interests and/or short position of the Directors and chief executives of the Company in the Shares, underlying shares in respect of equity derivatives and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which was notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO); or which was required pursuant to section 352 of the SFO to be entered in the register referred to therein; or which was required pursuant to the Listing Rules relating to securities transactions by the directors to be notified to the Company and the Stock Exchange are as follows:

Name of Company	Name of Director	Capacity			Number of Shares		Approximate Percentage of Interests
		Personal Interests	Family Interests	Corporate Interests	Long Position	Short Position	
Company	Katsutoshi Masuda ("Mr. Masuda") (Note 1)	-	-	233,316,864 shares	233,316,864 shares	-	36.65%
Company	Toshimitsu Masuda (Note 2)	-	-	233,316,864 shares	233,316,864 shares	-	36.65%
Company	Xu Yong	102,086,400 shares	-	-	102,086,400 shares	-	16.04%
Company	Manabu Shimabayashi	7,900,800 shares	-	-	7,900,800 shares	-	1.24%
Company	Fan Xiaoping	57,024 shares	-	-	57,024 shares	-	0.01%
Conpri Limited ("Conpri")	Mr. Masuda (Note 1)	148,052 shares	-	-	148,052 shares	-	44.04%
Conpri	Toshimitsu Masuda (Note 2)	60,140 shares	-	-	60,140 shares	-	17.89%

Notes:

- As at 31 December 2025, Conpri Limited ("Conpri") beneficially owns 36.65% equity interest of the Company. Conpri is owned as to 40.0% by Mr. Masuda, as to 40.0% by Mr. Toshimitsu Masuda and as to 20.0% (non-voting) by a staff organization of Yusei Machinery Corporation, respectively.
- Mr. Toshimitsu Masuda, (son of Mr. Masuda) is interested in 17.89% in the issued share capital of Conpri which in turn is interested in 36.65% in the issued share capital of the Company. By virtue of SFO, Mr. Toshimitsu Masuda is deemed to be interested in 233,316,864 Shares through his shareholding in Conpri.

REPORT OF THE DIRECTORS

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

So far as the Directors are aware, the following persons (other than the Directors or chief executive of the Company) had an interest and/or a short position in the shares or underlying shares in respect of equity derivatives of 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 (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO), or be recorded in the register of the Company or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying right to vote in all circumstances at general meetings of any other member of the Group are as follows:

Name of Company	Number of Shareholder	Capacity	Number of Shares		
			Long Position	Short Position	Approximate Percentage of Interests
Company	Conpri	Beneficial Owner	233,316,864 shares	–	36.65%
Company	Superview International Investment Limited (Note 1)	Beneficial Owner	110,880,000 shares	–	17.42%
Company	Ding Hong Guang	Beneficial Owner	60,104,640 shares	–	9.44%

Note:

1. Superview International Investment Limited is wholly owned by Mr. Xu Yue, an elder brother of Mr. Xu Yong who is an executive director of the Company.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association of the Company, each Director or other officers of the Company shall be indemnified out of the assets and profits of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of the duties of his or her office or otherwise in relation thereto.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

None of the Directors or their respective associates was granted by the Company or its subsidiary any right to acquire shares or debentures of the Company or any other body corporate, or had exercised any such right as at 31 December 2025.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the year ended 31 December 2025, the Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Appendix 10 to the Listing Rules. The Company also had made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors.

AUDIT COMMITTEE

The Company has established an audit committee comprising of the three independent non-executive directors with written terms of reference in compliance with Rules 3.21 to 3.22 of the Listing Rules. The primary duties of the audit committee are (i) to review, in draft form, the Company's annual report and accounts, half-yearly report and quarterly reports and providing advice and comments thereon to the Board; and (ii) to review and supervise the Company's financial reporting and internal control procedures. Mr. Lo Ka Wai resigned as the chairman of the audit committee with effect from 15 November 2025, and currently, Mr. He Xiangli is the chairman of the audit committee.

The audit committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2025, which was of an opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

DIRECTORS' INTEREST IN A COMPLETING BUSINESS

Conpri Limited ("Conpri") beneficially owns approximately 36.65% equity interest of the Company. In addition, Conpri is owned as to 40.0% by Mr. Masuda, as to 40.0% by Mr. Toshimitsu Masuda and as to 20.0% (non-voting) by a staff organization of Yusei Machinery Corporation ("Yusei Japan"), respectively. With its production and business operations based in Japan, Yusei Japan is principally engaged in the design, fabrication and sales of plastic injection moulds, and, to a lesser extent, the manufacture and sales of plastic component products. The plastic injection moulds fabricated by Yusei Japan are mainly applicable for the manufacture of headlight components including glass lens and reflector, automobile gauge board and other interior components for automobiles. Furthermore, Yusei Japan also fabricates plastic injection moulds for the manufacturing of peripheral plastic components for air conditioners and component parts for fishing tools.

REPORT OF THE DIRECTORS

Notwithstanding that the Group and Yusei Japan are engaged in similar business activities to certain extent, there is a clear delineation and independence of the Group's business from that of Yusei Japan. In particular, the Group's target markets (being the PRC, Taiwan, Hong Kong and the Macau Special Administrative Region of the PRC) are territorially different from that of Yusei Japan. The locations of the production facilities are different and separate between the Group and Yusei Japan. The management responsible for the day-to-day operations of the Group and Yusei Japan is also different. The Directors believe that Yusei Japan does not compete with the Group.

Notwithstanding that the Directors believe that Yusei Japan does not compete with the Group, to clearly delineate the business operations of the Group from that of Yusei Japan and to avoid any possible future competition with the Group, Yusei Japan and its shareholders (collectively "the Covenantors") have entered into a deed of non-competition dated 19 September 2005 (the "Deed of Non-competition"), pursuant to which each of the Covenantors irrevocably and unconditionally undertakes and covenants with the Company that each of the Covenantors shall:

- (1) not either on his/her/its own account or for any other person, firm or company, and (if applicable) shall procure that its subsidiaries (other than the Company and any member of the Group) or companies controlled by each of the Covenantors shall not either on its own behalf or as agent for any person, firm or company and either directly or indirectly (whether as a shareholder, partner, consultant or otherwise and whether for profit, reward or otherwise) at any time solicit, interfere with or endeavour to entice away from any member of the Group any person, firm, company or organisation who to its knowledge is from time to time or has at any time been a customer or supplier or a business partner of any member of the Group;
- (2) not either alone or jointly with any other person, firm or company, carry on (including but not limited to making investments, setting up distribution channels and/or liaison offices and creating business alliances), participate, be engaged, concerned or interested in or in any way assist in or provide support (whether financial, technical or otherwise) to any business similar to or which competes (either directly or indirectly) or is likely to compete with the business of the design, development and fabrication of precision plastic injection moulds or the manufacturing of plastic components in the Group's Exclusive Markets or the provision of certain assembling and further processing of plastic components for customers (the "Business") from time to time carried out by any member of the Group (provision of assistance and support to the Group excepted) including the entering into of any contracts, agreements or other arrangements in relation to any of the above;
- (3) not directly or indirectly sell, distribute, supply or otherwise provide products that are within the Group's Product Portfolio to any purchaser or potential purchaser of any products within the Group's Product Portfolio in the Group's Exclusive Markets (the "Customers") and upon receipt of any enquiry from Customers for products which are within the Group's Product Portfolio, to refer to the Company or any member of the Group all such business opportunities received by the Covenantors and provide sufficient information to enable the Company or any member of Group to reach an informed view and assessment on such business opportunities;

- (4) not directly or indirectly sell, distribute, supply or otherwise provide any products that are within the Group's Product Portfolio where the relevant Covenantor(s) know(s), or is reasonably regarded as should have known, that such products are destined to be re-sold, re-distributed or re-supplied for the purpose of commercial exploitation in the Group's Exclusive Markets;
- (5) upon receipt of any order or enquiry from customers outside the Group's Exclusive Markets for products which are within the Group's Product Portfolio and where the relevant Covenantor(s) know(s), or is reasonably regarded as should have known, that such products are destined to be re-sold, re-distributed or re-supplied for the purpose of commercial exploitation in the Group's Exclusive Markets, the relevant Covenantor shall inform the Group in writing of such order or enquiry and refer such customer to contract directly with the Group for the order of the relevant product;
- (6) not do or say anything which may be harmful to the reputation of any member of the Group or which may lead any person to reduce their level of business with any member of the Group or seek to improve their terms of trade with any member of the Group; and
- (7) not solicit or entice or endeavour to solicit or entice any of the employees of or consultants to the Group to terminate their employment or appointment with any member of the Group.

Saved as disclosed above, none of the directors of the Company had an interest in a business which competes or may compete with the business of the Group.

AUDITOR

A resolution for the re-appointment of SHINEWING (HK) CPA Limited as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

ON BEHALF OF THE BOARD

Xu Yong

Chairman

PRC

31 March 2026

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

It is our long standing belief that a high standard of corporate governance is the key to the Group's stable and effective operation and is in the interests of the Group and its shareholders in long term. Throughout the year ended 31 December 2025, the Group has complied with the relevant regulations in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), save for the deviation from the code provision C.1.7 and C.2.1 of the Code. The Board and the senior management of the Group have earnestly appraised the requirements of the Code and reviewed the practices of the Group to ensure full compliance with the Code.

DIRECTORS' SECURITIES TRANSACTIONS

During the year ended 31 December 2025, the Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Appendix 10 to the Listing Rules. The Company also had made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors.

BOARD OF DIRECTORS

The Directors, with relevant and sufficient experience and qualification have exercised due care, fiduciary duties to the significant issues of the Company and its subsidiaries (the "Group"). The Board of the Company is comprised of three executive directors, two non-executive directors and three independent non-executive directors. All independent non-executive directors complied with the guidelines on independence set out under Rule 3.13 of the Listing Rules and have not violated any provision thereunder throughout the year. The list of directors and their biographies are set out in pages 30 to 31.

Interim and final board meetings of the Board are held on a regular basis. The Board is responsible for formulating and reviewing the business direction and strategy for the relevant auditing period and for supervising the operating and financial performance of the Group. Where necessary, the Board will also convene ad hoc meeting to discuss matters requiring a decision by the Board. The management is authorized to exercise discretion on daily operation matters.

The Articles of the Company clearly stipulate that the general manager of the Company is responsible for implementing various strategies and overseeing the daily operations of the Company and is required to report to the Board on a regular basis. The Board will formulate the development strategies of the Company within its scope of authorization. The management is authorized and entrusted by the Board to implement the strategies and oversee the daily operations of the Group.

During the year, the Board held 6 meetings. Pursuant to the Articles of the Company, "meetings or extraordinary meetings of the Board may be convened by means of telephone or similar telecommunication facilities".

Regular meetings of the Board of the Company were held during the Year. Extra meetings were also held to cater for important matters arising from time to time. Directors may attend such meetings in person or through other electronic means of communication. Notice of 14 days was given to each director prior to a board meeting.

The company secretary assisted the chairman of the Board in preparing the meeting agenda. The directors are allowed to submit proposed agenda items to the secretary to the Board before the date appointed for the relevant meeting.

Minutes of board meetings and meetings of committees are duly kept by the secretary to the Board and freely available for inspection by the directors. Such meeting minutes recorded opinions and suggestions raised by the directors in the meeting. The final versions of such minutes were sent to directors for signing and confirmation.

Transactions in which directors are deemed to be involved in conflict of interests or deemed to be materially interested in will not be dealt with by written resolution. The relevant director will be allowed to attend the meeting but may not express any opinion and will be required to abstain from voting.

During the year, the chairman annually holds a meeting with the independent non-executive directors without the presence of other directors.

The directors may seek independent professional advice on professional matters involved at the expense of the Company.

Mr. Toshimitsu Masuda is the son of Mr. Katsutoshi Masuda.

Ms. Xu Shiney Xiaoying is the daughter of Mr. Xu Yong.

Mr. Lo Ka Wai ("Mr. Lo") has tendered his resignation as an independent non-executive Director, the chairman of the audit committee of the Company and a member of each of the remuneration committee and nomination committee of the Company with effect from 15 November 2025 due to his decision to devote more time to his other business commitments.

Following the resignation of Mr. Lo, the Board comprises two independent non-executive Directors. As a result, the Company was unable to meet the requirements under (i) Rules 3.10(1) of the Listing Rules that the Board must include at least three independent non-executive directors; and (ii) Rule 3.21 of the Listing Rules that the audit committee of the Company must comprise a minimum of three members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise.

CORPORATE GOVERNANCE REPORT

Subsequent to year end date, Mr. He Xiangli (“Mr. He”) was appointed as an independent non-executive Director, the chairman of the audit committee of the Company and a member of each of the remuneration committee and nomination committee of the Company with effect from 1 February 2026. Following the appointment of Mr. He, the Company has therefore re-complied with Rules 3.10(1) and 3.21 of the Listing Rules.

Name of directors	Attendance in meetings of the Board in 2025	Attendance in annual general meeting in 2025
Xu Yong (Chairman and Executive Director)	6/6	1/1
Shimabayashi Manabu (Executive Director)	6/6	1/1
Xu Shiney Xiaoying (Executive Director)	6/6	1/1
Katsutoshi Masuda (Non-Executive Director)	6/6	1/1
Toshimitsu Masuda (Non-Executive Director)	6/6	1/1
Lo Ka Wai (Independent Non-Executive Director)	5/6	1/1
Fan Xiaoping (Independent Non-Executive Director)	6/6	1/1
Hisaki Takabayashi (Independent Non-Executive Director)	6/6	1/1

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under provision C.2.1 of the CG Code, the role of the Chairman and the Chief Executive Officer should be performed by separate individuals. Mr. Xu Yong is the Chairman (with effect from 1 January 2025 in succession to Mr. Katsutoshi Masuda) who provides leadership for the Board. According to C.2.2 and C.2.3 of the CG Code, Mr. Xu Yong as the Chairman ensures that all directors are properly briefed on issues arising at board meetings, and receive adequate information, both complete and reliable, in a timely manner. The executive Directors of the Company collectively oversee the overall management of the Group in each of their specialised executive fields, which fulfils the function of Chief Executive Officer in substance. Therefore, the Company currently has not re-appointed its Chief Executive Officer to avoid the duplication of duties.

RETIREMENT OF DIRECTORS BY ROTATION AND RE-ELECTION

Each of Directors has entered into a service contract or a letter of appointment with the Company for a term of three years which shall be continuing unless and until terminated by either party thereto giving to the other not less than three months written notice.

Pursuant to the Articles of the Company, one-third of the directors shall retire from office by rotation and, being eligible, will offer themselves for re-election at the annual general meeting.

If an Independent Non-executive Director serves more than 9 years, his further appointment should be subject to a separate resolution to be approved by shareholders. The papers to shareholders accompanying that resolution should include the reasons why the Board believes he is still independent and should be re-elected.

INDEMNITIES OF DIRECTORS AND CHIEF EXECUTIVES

Under the code provision C.1.7, the Group should arrange appropriate insurance cover in respect of legal action against its directors. However, as the Group's businesses are relatively unitary, the Directors can easily comprehend these businesses. At the same time, the Directors are equipped with the adequate spirit and expertise in making corporate decisions. Furthermore, the Directors consider that the Management has placed emphasis on control over corporate risks from time to time, and has strictly complied with the Listing Rules and the relevant regulations. Therefore it is not necessary to purchase insurance for the Directors and Chief Executives.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

During the year, the Directors are provided with monthly updates on the Group's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. In addition, all Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company updates Directors on the latest development regarding the Listing Rules and other applicable regulatory requirements from time to time, to ensure compliance and enhance their awareness of good corporate governance practices.

All Directors have participated in appropriate continuous professional development activities either by attending training courses or by reading materials relevant to the Company's business or to the Directors' duties and responsibilities.

REMUNERATION COMMITTEE

The Company has established Remuneration Committee comprising all independent non-executive directors.

The Remuneration Committee is responsible for reviewing the remuneration policies for directors and senior management of the Company, and fixing the remuneration packages for directors and senior management, including benefits in kind, pension and compensation. The terms of reference of the Remuneration Committee was published on the Group's website.

The Remuneration Committee has held one meeting during the year with all members of the Committee attended.

During the year under review, the Remuneration Committee has assessed performance of the executive Directors and reviewed and determined their remuneration packages. The remuneration of Directors comprises basic salary, pensions and discretionary bonus. The Remuneration Committee has also reviewed the remuneration of existing non-executive Directors. Details of the amount of emoluments of Directors for the year ended 31 December 2025 are set out in Note 11 to the consolidated financial statements.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

The Company has set up nomination committee comprising all independent non-executive directors and an executive director. The Nomination Committee is responsible for the recommendation, election and appointment of Directors of the Company. The criteria for nomination of directors for re-election include the past performance of the respective directors and the suitability of the nominee as a director of a listed company. The term of reference of Nomination Committee was published on the Group's website.

The Nomination Committee has held two meetings during the year with all members of the Committee attended.

During the year, the work performed by the Nomination Committee included: (1) the recommendation of the retiring directors for re-election at the annual general meeting; (2) the review of composition of the Board; and (3) the assessment of independence of the independent Non-executive Directors.

The Board had adopted the Board Diversity Policy which sets the approach to achieve and maintain diversity of the Board to enhance quality of its performance. The Policy aims to achieve diversity through the consideration of number of factors including but not limited to skills, regional and industry experience, background, age, race, gender and other qualities. These differences will be taken into account in determining the optimum composition of the Board. All Board appointments are based on merit, in the content of the talents, skills and experience, and taking into account diversity.

With regard to the implementation of the Board diversity policy, the following measurable objectives are adopted: (1) Independent Directors shall represent one third or more of the total number of Directors of the Board; (2) At least one independent Director is an accounting professional; and (3) At least half of the Board members shall have over seven years of experience in their respective industries. During the year ended 31 December 2025, the Board achieved the measurable objectives of the Board diversity policy.

The Nomination Committee will report annually on the composition of the Board under diversified perspective, and monitor the implementation of this policy to ensure its effectiveness. It will discuss any revisions that may be required and recommend such revisions to the Board for consideration and approval.

Currently, the Board consists of male and female directors which is in compliance with Rule 13.92 of the Main Board Listing Rules, in relation to board diversity requirements.

AUDITORS' REMUNERATION

SHINEWING (HK) CPA Limited ("SHINEWING") were appointed as the auditor of the Company pursuant to the shareholders' resolution passed in the Annual General Meeting held on 24 June 2025. Auditing fees in respect of annual audit and non-audit services for the year ended 31 December 2025 amounted to RMB1,200,000 and RMB6,000, respectively.

The consolidated financial statements for the years ended 31 December 2008-2025 were audited by SHINEWING.

AUDIT COMMITTEE

The Company has established an Audit Committee comprising all Independent Non-executive Directors with written terms of reference published on the Group's website. The primary duties of the Audit Committee are (1) to review, in draft form, the Company's annual report and accounts, and interim reports and providing advice and comments thereon to the Board; and (2) to review and supervise the Company's financial reporting and internal control procedures.

The Audit Committee held two meetings during the year with a 100% attendance by all the committee members to review the Group's 2024 annual results and 2025 interim results.

DIVIDEND POLICY

The Company adopted the Dividend Policy with effect from January 2019 whereby the Board is committed to maintaining an optimal capital structure. This is pursued to deliver returns to shareholders and ensure that adequate capital resources are available for business growth. Subject to business conditions, the Board aims to deliver a sustainable dividend that is in line with the earnings improvements and long-term growth of the Company.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for determining the policy for the corporate governance of the Company and performing the corporate governance duties as below:

1. To develop and review the Group's policies and practices on corporate governance and make recommendations to the Board;
2. To review and monitor the training and continuous professional development of directors and senior management;
3. To review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
4. To develop, review and monitor the code of conduct and compliance manual (if any) applicable to the employees and directors of the Group; and
5. To review the Group's compliance with the Code and disclosure in the Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

The Directors acknowledge their responsibility to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and in presenting the interim and annual financial statements, and announcements to shareholders in a timely manner. The Directors are responsible for ensuring that the Group maintains accounting records which disclose with reasonable accuracy the financial position of the Group and which enable the preparation of financial statements in accordance with the disclosure requirements of the Hong Kong Companies Ordinance (“Companies Ordinance”), the Hong Kong Financial Reporting Standards (“HKFRSs”) and all applicable disclosure provisions of the Listing Rules. In preparing the financial statements for the year ended 31 December 2025, the Directors have selected suitable accounting policies and have applied them consistently, adopted appropriate HKFRSs which are pertinent to its operations and relevant to the financial statements, made judgements and estimates that are prudent and reasonable.

The Board is committed to providing a balanced, clear and comprehensible assessment of the financial performance and prospects of the Group in all the disclosures made to the stakeholders and the regulatory authorities.

Timely release of interim and annual results announcements reflects the Board’s commitment to provide transparent and up-to-date disclosures of the results of the Group.

The Board, assisted by the Audit Committee, oversees the financial reporting process and the quality of the financial reporting of the Group. The Audit Committee reviews and monitors the integrity of the Group’s annual and interim financial statements. It also reviews the appropriateness of the Group’s accounting policies and the changes to these policies as well as ensures these financial statements comply with accounting standards and regulatory requirements.

The responsibilities of the external auditor with respect to financial reporting are set out in the Independent Auditors’ Report attached to the Company’s 2025 Annual Report.

COMPANY SECRETARY

Company Secretary: Mr. Shum Shing Kei (fellow member of the Hong Kong Institute of Certified Public Accountants). During the year ended 31 December 2025, Mr. Shum has taken no less than 15 hours of relevant professional trainings to update his skills and knowledge.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has overall responsibility for the risk management and internal control system of the Group. The Board has developed its systems of risk management and internal controls and is also responsible for reviewing and maintaining an adequate risk management and internal control system to safeguard the interests of the shareholders and the assets of the Group. The executive directors and senior management of the Group have been granted corresponding authorizations to manage and monitor all operating systems of the entity and to handle the related affairs pursuant to the principles of trust and impartiality. The Audit Committee supervises the risk management and internal control system of the Group and reviews the internal audit report presented by the senior management, as well as reports any major issues and makes recommendations to the Board.

During the year under review and as of the date hereof, the Board considered that the prevailing risk management and internal control system of the Group is steady and is adequate to protect the interests of the shareholders, customers and employees as well as the assets of the Group. The Group has engaged sufficient employees in the accounting and finance functions, who have the resources, qualifications and experiences as well as the necessary training and budget.

SHAREHOLDER RIGHTS

GENERAL MEETING

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. The Chairman of the Board as well as chairmen of the Audit Committee, Remuneration Committee and Nomination Committee, or in their absence, their duly appointed delegates are available to answer questions at the shareholders' meetings. Auditor of the Company is also invited to attend the Company's AGM and is available to assist the directors in addressing queries from shareholders relating to the conduct of the audit and the preparation and contents of the Independent Auditor's Report. Separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors.

Notice of AGM together with related papers are sent to the shareholders at least 20 clear business days before the meeting, setting out details of each proposed resolution, voting procedures and other relevant information. All votes of shareholders at the general meeting will be decided by poll. The Chairman will demand that all resolutions put to the vote at the AGM will be taken by poll and will explain such rights and procedures during the AGM before voting on the resolutions. An independent scrutineer will be appointed to count the votes and the poll results will be posted on the websites of the Company and the Stock Exchange after the AGM.

CORPORATE GOVERNANCE REPORT

Shareholders of the Company can make a requisition to convene an extraordinary general meeting (“EGM”) pursuant to Article 58 of the Company’s Articles of Association. The procedures for the shareholders to convene an EGM are as follows:

1. One or more shareholders (“Requisitionist”) holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings shall have the right, by written notice, to require an EGM to be called by the directors for the transaction of any business specified in such requisition.
2. Such requisition shall be made in writing to the directors or the company secretary of the Company at all of the following addresses:

Principal place of business of the Company in Hong Kong

Address: Unit D6B, 17/F., TML Tower, 3 Hoi Shing Road, Tsuen Wan, NT, Hong Kong

Email: zl-chen@yusei.cn

Attention: Company Secretary

Head office of the Company

Address: Tower A, Yusei Science and Technology Building, 238 Changlong Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the People’s Republic of China

Attention: Company Secretary

Registered office of the Company

Address: Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands

Attention: Company Secretary

3. The EGM shall be held within two months after the deposit of such requisition.
4. If the directors fail to proceed to convene such meeting within 21 days of such deposit, the Requisitionist himself may do so in the same manner, and all reasonable expenses incurred by the Requisitionist as a result of the failure of the directors shall be reimbursed to the Requisitionist by the Company.

INVESTORS RELATIONS

The Board and senior management recognize their responsibility to represent the interests of all shareholders and to maximize shareholder's value and have made the following commitments to the Group:

- continuing effort to maintain long-term stability and growth in shareholder value and return on investment;
- responsible planning, establishment and operation of the Group's core businesses;
- responsible management of the Group's investment and business risks; and
- true, fair and detailed disclosure of the financial position and operating performance of the Group.

The Group believes that shareholders' rights should be well respected and protected. The Group endeavors to maintain good communications with shareholders on its performance through interim reports, annual reports, general meetings and public disclosure on the Company's website, so that they may make an informed assessment of their investments and exercise their rights as shareholders. The Group also encourages shareholders' participation through general meetings or other means.

For the purpose of promoting the mutual communication between the Group, its shareholders and potential investors on a regular basis, the Group has set up an investor relations office to respond to the questions and enquiries from shareholders and the general public. For any enquiries, investors may write directly to the Group at its place of business in the PRC. They may also call us directly by phone.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Mr. Katsutoshi MASUDA (増田勝年先生), aged 81, is the chairman and a non-executive Director of the Company. Mr. Masuda was appointed as the chairman of the Company on 2 June 2005 and as a Director on 21 April 2005. Mr. Masuda has over 35 years of experience in mould fabrication and manufacturing. Mr. Masuda founded Yusei Machinery Corporation (“Yusei Japan”) and Conpri Limited (“Conpri”), the Company’s ultimate holding company, and is currently also a director and shareholder of Yusei Japan and Conpri. Mr. Masuda is one of the founders of the Group in April 1992 and is responsible for the major strategy of the Group. Mr. Masuda ceased to be the chairman of the Board with effect from 1 January 2025 due to his age.

Mr. XU Yong (許勇先生), aged 63, is an executive Director and the general manager of Yusei. Mr. Xu was appointed as a Director of the Company on 21 April 2005. Mr. Xu has over 10 years of experience in mould fabrication. Mr. Xu completed an industrial business administration course in 浙江廣播電視大學 (Zhejiang Broadcasting & Television University) in August 1986 and completed a Japanese language course in 杭州大學外語學院 (Department of Foreign Language of University of Hangzhou) and 浙江省科學技術培訓中心 (Science and Technology Training Centre of Zhejiang Province) in February 1993 and November 1993 respectively. In November 1994, Mr. Xu completed a production management and mechanical engineering internship program in Toneseiki Company Limited (日本利根精機株式會社). Mr. Xu was graduated from the Central Party School of the Communist Party of China in 2008 and obtained the law degree. Mr. Xu joined Zhejiang Yusei as its deputy general manager in June 1995. Currently, Mr. Xu is responsible for the general management of the Group and the supervision of the overall production operation. Mr. Xu was appointed to be the chairman of the Board with effect from 1 January 2025 to succeed Mr. Masuda.

Mr. Manabu SHIMABAYASHI (島林學步先生), aged 52, is an executive director and deputy general manager of Yusei. Mr. Shimabayashi will be appointed as an executive Director of the Company with effect from the date on which the listing of the Shares is transferred from GEM to Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). He graduated from Seijo University (成城大學) with a bachelor degree in economics in 1996. He was employed by an accountants’ firm in Shizuoka, Japan from 1996 to 2007. Mr. Shimabayashi joined the Group in 2007 as head of management department of Zhejiang Yusei.

Ms. XU Shiney Xiaoying (許笑迎女士), aged 36, was appointed as an Executive Director of the Company with effect from 28 December 2024. Ms. Xu graduated from Queen’s University, Kingston, Ontario, Canada with a Bachelor Degree of Commerce (Honours). She was awarded a Master Degree of Management from McGill University, Canada, in June 2020 and a Master Degree of Business Administration from Zhejiang University, China, in June 2021, respectively. Ms. Xu had served in Bank of China (Canada) for nearly 5 years before joining Hangzhou Yusei Tech Co., Limited (“Yusei Tech”), one of the Company’s subsidiaries, in July 2017. She is currently deputy general manager of Yusei Tech. In addition, Ms. Xu is a daughter of Mr. Xu Yong, one of the Company’s executive Directors, and is a niece of Mr. Xu Yue. Mr. Xu Yue wholly owns Superview International Investment Limited, a substantial shareholder of the Company, and is the elder brother of Mr. Xu Yong.

Mr. Toshimitsu MASUDA (増田敏光先生), aged 57, son of Mr. Katsutoshi Masuda, was appointed as a non-executive Director on 2 June 2005. Mr. Toshimitsu Masuda graduated from Kogakuin University and obtained Bachelor Degree in engineering in March 1991. Mr. Toshimitsu Masuda joined Yusei Japan in 1997 as a director and is a shareholder of Yusei Japan. He is also a director and shareholder of Conpri. Mr. Toshimitsu Masuda joined the Group in May 1998.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. FAN Xiaoping (范曉屏先生), aged 67, was appointed as an independent non-executive Director on 2 September 2005. Mr. Fan graduated from 浙江大學 (University of Zhejiang) with a bachelor degree in physics in July 1982 and completed a master program in administration science and engineering in July 1988.

Mr. LO Ka Wai (羅嘉偉先生), aged 56, was appointed as an independent non-executive Director on 2 September 2005. Mr. Lo graduated from the University of Wollongong, Australia in 1992 with a bachelor degree in commerce (with merit). Mr. Lo is a qualified accountant and is also a member of the Hong Kong Institute of Certified Public Accountants and CPA Australia. Mr. Lo was an executive director of National United Resources Holdings Limited and of Han Tang International Holdings Limited (previously known as Pearl River Tyre (Holdings) Limited) and was an independent non-executive director of Sheng Yuan Holdings Limited, all of which are listed on the Main Board of the Stock Exchange. Mr. Lo resigned as an independent non-executive Director of the Company with effect from 15 November 2025.

Mr. Hisaki TAKABAYASHI (高林久記先生), aged 65, was appointed as an independent non-executive Director on 2 September 2005. Mr. Takabayashi graduated from 大東文化大學 (Daitobonka University) with a bachelor degree in Chinese in March 1983. Mr. Takabayashi was the deputy representative of the Shanghai Office of 日本靜岡縣國際經濟振興會 (Shizuoka International Economic Organisation) in 2002. At present, Mr. Takabayashi is the Business Bureau Supervisor of 日本靜岡縣日中友好協進會 (Japan and China Friendship Council of Shizuoka Prefecture).

Mr. HE Xiangli (何祥利先生), aged 50, joined the Group in February 2026. Mr. He obtained a Bachelor's degree in Financial Management from Shanghai University of Finance and Economics in 1997 and a Master's degree in Finance from Fudan University in 2006. Mr. He has over 20 years of experience in capital market and venture capital. He previously joined China Everbright Investment Management Limited as Deputy President. He subsequently joined Forebright Capital Management Limited in 2014 and had held the positions of Investment Director, Managing Director, and Partner at that company. He is currently Managing Director of Pioneer Asset Management Limited. Across these roles, his primary responsibilities have included asset management, equity investment, corporate financial management and planning.

SENIOR MANAGEMENT

Mr. SHEN Jinjiang (沈錦江先生), aged 72, joined the Group in 2013. He is currently the Group's deputy general manager. Before joining the Group, Mr. Shen served as senior management positions in a number of large enterprises. Currently, Mr. Shen is responsible for the financial management of the Group, upgrading the management and optimizing business operations.

Mr. WANG Dehong (王德洪先生), aged 56, was graduated from Hubei Institute of Technology in 1994 to obtain a Bachelor degree of Engineering. In 1995, Mr. Wang joined the Group and had held various positions, including technician, chief of quality control department, head of production department and production controller. Mr. Wang is currently the deputy general meeting of Suzhou Yusei.

Mr. SHUM Shing Kei (沈成基先生), aged 54, is company secretary of the Company. He obtained a master degree in financial management from the University of London, the United Kingdom in December 1998. He is also a fellow member of the Hong Kong Institute of Certified Public Accountants. Prior to joining the Group in April 2005, he had over 20 years of experience in auditing and accounting and had worked for an international accounting firm and a listed company in Hong Kong.

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 MEMBERS OF YUSEI HOLDINGS LIMITED

友成控股有限公司

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Yusei Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 37 to 112, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss, 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 ("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 ("HKASs") 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.

INDEPENDENT AUDITOR'S REPORT

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.

Impairment allowance on trade receivables from selling of goods

Refer to Note 21 to the consolidated financial statements and the accounting policies on page 57 to 61.

The key audit matter	How the matter was addressed in our audit
<p>As at 31 December 2025, the Group had trade receivables from selling of goods with carrying amount of approximately RMB838 million, net of impairment loss of approximately RMB10 million.</p> <p>The management of the Group estimates the amount of lifetime expected credit losses ("ECL") of trade receivables individually for debtors with significant balances and/or collectively based on provision matrix through grouping of various debtors that have similar loss patterns, after considering internal credit ratings of debtors, ageing, repayment history and/or past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is reasonable and supportable available without undue costs or effect. In addition, trade receivables that are credit-impaired are assessed for ECL individually. The loss allowance amount of the credit-impaired trade receivables is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses.</p> <p>We have identified the impairment assessment of trade receivables as a key audit matter because of its significance to the consolidated financial statements and because the impairment assessment involves a significant degree of judgement by management which may affect the carrying value of the Group's trade receivables for the current year.</p>	<p>Our audit procedures were designed to challenge the assumptions and critical judgements of the Group's forward-looking ECL model on impairment assessment of trade receivables.</p> <p>We have assessed the provision matrix used in the model by reference to the historical information together with other external available information. In particular, we have challenged the appropriateness of the default rate of various debtors that have similar loss patterns by taking into account the ageing at the end of the reporting period. We have also challenged the appropriateness of the assumptions used in forward-looking information by comparing credit worthiness of each debtor and macro economy and industry performance and checking historical and subsequent settlement records of and other correspondence with the customers.</p>

INDEPENDENT AUDITOR'S REPORT

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND THE 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.

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 HKSAs 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.

INDEPENDENT AUDITOR'S REPORT

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

As part of an audit in accordance with HKSAAs, 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.

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.

INDEPENDENT AUDITOR'S REPORT

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

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 Mr. Lee Shun Ming.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Lee Shun Ming

Practising Certificate Number: P07068

Hong Kong

31 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

		2025	2024
	NOTES	RMB'000	RMB'000
Revenue	6	2,161,944	2,024,350
Cost of sales		(1,817,496)	(1,726,431)
Gross profit		344,448	297,919
Other income and gain	7	42,772	51,001
Net foreign exchange gain (loss)		14,987	(10,214)
Distribution costs		(152,943)	(126,325)
Administrative expenses		(110,232)	(91,265)
Finance costs	8	(38,410)	(30,125)
Share of profits of associates	19	7,650	5,944
Profit before tax		108,272	96,935
Income tax expense	9	(1,122)	(2,396)
Profit for the year	10	107,150	94,539

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	NOTE	2025 RMB'000	2024 RMB'000
Profit for the year		107,150	94,539
Other comprehensive expense:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operation		(2,527)	(14,339)
Total comprehensive income for the year		104,623	80,200
Profit for the year attributable to:			
Owners of the Company		101,404	89,733
Non-controlling interests		5,746	4,806
		107,150	94,539
Total comprehensive income for the year attributable to:			
Owners of the Company		98,877	75,394
Non-controlling interests		5,746	4,806
		104,623	80,200
Earnings per share		RMB	RMB
Basic and diluted	13	0.159	0.141

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	14	957,290	1,066,227
Right-of-use assets	15	188,693	188,162
Investment properties	16	219,403	–
Intangible assets	17	9,138	11,284
Goodwill	18	–	–
Deposit for acquisition of property, plant and equipment		6,675	6,648
Deferred tax assets	26	6,721	5,113
Interests in associates	19	62,669	56,519
		1,450,589	1,333,953
Current assets			
Inventories	20	606,641	480,840
Trade and bills receivables, deposits and prepayments	21	1,019,180	940,731
Amounts due from a director	22	891	–
Amounts due from associates	22	751	774
Income tax recoverables		8,013	4,555
Pledged bank deposits	23	45,591	55,108
Bank balances and cash	23	143,266	188,892
		1,824,333	1,670,900
Current liabilities			
Trade and other payables	24	1,324,890	1,280,644
Amount due to an associate	22	1,403	1,377
Bank and other loans — due within one year	25	782,059	531,993
		2,108,352	1,814,014
Net current liabilities		(284,019)	(143,114)
Total assets less current liabilities		1,166,570	1,190,839

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Deferred income	27	5,580	5,719
Bank and other loans — due after one year	25	96,553	217,041
		102,133	222,760
		1,064,437	968,079
Capital and reserves			
Share capital	28	5,801	5,801
Reserves	29	1,038,628	948,016
		1,044,429	953,817
Non-controlling interests		20,008	14,262
		1,064,437	968,079

The consolidated financial statements on pages 37 to 112 were approved and authorised for issue by the board of directors on 31 March 2026 and are signed on its behalf by:

Mr. Katsutoshi Masuda
Director

Mr. Xu Yong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Share capital	Share premium	Special reserve	Reserve for shares issued with vesting conditions	Translation reserve	Capital reserve	Statutory surplus reserve	Retained profits	Sub total	Non-Controlling interests	Total
	RMB'000 (Note 28)	RMB'000	RMB'000 (Note 29(i))	RMB'000 (Note 29(iv))	RMB'000	RMB'000 (Note 29(i))	RMB'000 (Note 29(ii))	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	5,801	123,375	49,663	18,065	(13,671)	71	57,091	713,422	953,817	14,262	968,079
Profit for the year	-	-	-	-	-	-	-	101,404	101,404	5,746	107,150
Other comprehensive expense for the year	-	-	-	-	(2,527)	-	-	-	(2,527)	-	(2,527)
Total comprehensive income for the year	-	-	-	-	(2,527)	-	-	101,404	98,877	5,746	104,623
Transfer to statutory reserve	-	-	-	-	-	-	7,660	(7,660)	-	-	-
Dividend recognised as distribution (Note 12)	-	-	-	-	-	-	-	(8,265)	(8,265)	-	(8,265)
At 31 December 2025	5,801	123,375	49,663	18,065	(16,198)	71	64,751	798,901	1,044,429	20,008	1,064,437
At 1 January 2024	5,801	123,375	49,663	18,065	668	71	47,104	642,319	887,066	9,456	896,522
Profit for the year	-	-	-	-	-	-	-	89,733	89,733	4,806	94,539
Other comprehensive expense for the year	-	-	-	-	(14,339)	-	-	-	(14,339)	-	(14,339)
Total comprehensive (expense) income for the year	-	-	-	-	(14,339)	-	-	89,733	75,394	4,806	80,200
Transfer to statutory reserve	-	-	-	-	-	-	9,987	(9,987)	-	-	-
Dividend recognised as distribution (Note 12)	-	-	-	-	-	-	-	(8,643)	(8,643)	-	(8,643)
At 31 December 2024	5,801	123,375	49,663	18,065	(13,671)	71	57,091	713,422	953,817	14,262	968,079

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
OPERATING ACTIVITIES		
Profit before tax	108,272	96,935
Adjustments for:		
Bank interest income	(1,981)	(1,109)
Depreciation and amortisation	212,689	172,079
Finance costs	38,410	30,125
Government subsidies	(29,647)	(35,900)
Reversal of allowance for inventories	(3,537)	(5,429)
Gain on disposal of property, plant and equipment	–	(2,041)
Release of government grants for land	(139)	(139)
(Reversal of) impairment loss on trade receivables	(933)	228
Impairment loss on goodwill	–	5,385
Share of profit of associates	(7,650)	(5,944)
Operating cash flows before movements in working capital	315,484	254,190
Increase in trade and bills receivables, deposits and prepayments	(88,747)	(104,880)
Increase in inventories	(120,062)	(15,813)
Repayment from associates	49	3,152
Increase in trade and other payables	80,904	210,756
Cash generated from operations	187,628	347,405
Income tax paid	(6,188)	(21,711)
NET CASH FROM OPERATING ACTIVITIES	181,440	325,694

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
INVESTING ACTIVITIES		
Payments of investment cost in an associate	–	(1,500)
Purchase of property, plant and equipment	(332,447)	(207,101)
Deposit for acquisition of property, plant and equipment	(6,675)	(6,648)
Purchase of right-of-use assets	–	(14,396)
Purchase of intangible assets	(2,388)	(4,097)
Proceeds from disposal of property, plant and equipment	–	11,126
Withdrawal (placement) of pledged bank deposits	9,517	(25,905)
Dividend received from an associate	1,500	1,500
Advance to a director	(891)	–
Interest received	1,981	1,109
NET CASH USED IN INVESTING ACTIVITIES	(329,403)	(245,912)
FINANCING ACTIVITIES		
Repayment of bank and other loans	(587,129)	(595,223)
Interest paid	(40,388)	(30,880)
Dividend paid	(8,265)	(8,643)
New bank and other loans raised	709,260	648,868
Government subsidies received	29,647	35,900
NET CASH FROM FINANCING ACTIVITIES	103,125	50,022
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(44,838)	129,804
CASH AND CASH EQUIVALENTS AT 1 JANUARY	188,892	58,238
Effect of foreign exchange rate changes	(788)	850
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		
Representing by bank balances and cash	143,266	188,892

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

Yusei Holdings Limited (the “Company”) is a public limited company incorporated in the Cayman Islands as an exempted company with limited liability on 4 April 2005. Its ultimate and immediate holding company is Conpri Limited (incorporated in Japan). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information to the annual report.

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are moulding fabrication, manufacturing and trading of moulds and plastic components.

The consolidated financial statements are presented in Renminbi (“RMB”). Other than those subsidiaries established in the People’s Republic of China (the “PRC”), Mexico and Serbia whose functional currency is RMB, Mexico Pesos (“MXN”) and Serbia Dinars (“RSD”) respectively, the functional currency of the Company is Hong Kong dollars (“HK\$”). The Group adopted RMB as its presentation currency as the directors of the Company consider that the major operations are in the PRC and it is appropriate to present the consolidated financial statements in RMB.

As at 31 December 2025, the Group’s recorded current liabilities exceeded its current assets by approximately RMB284,019,000 (2024: RMB143,114,000). The directors of the Company are of the opinion that the Group will have adequate funds to finance its future financing requirements and working capital based on the following considerations:

- (a) The Group is expected to be profitable and hence continue to generate operation cash inflows from its future business operations;
- (b) The Group has unutilised bank facilities of approximately RMB494,470,000; and
- (c) The Group has maintained long-term strong business relationship with its major banks to get their continuing support and is actively discussing with these banks for renewal of short-term bank loans or banking facilities, and the directors of the Company are of the opinion that renewal banking facilities is likely to be obtained during the year ending 31 December 2026.

In view of the above, the directors of the Company are confident that there will be sufficient financial resources available to the Group to enable it to meet its liabilities as and when they fall due and to continue to operate for at least the next twelve months from 31 December 2025. Accordingly, the directors of the Company have prepared the consolidated financial statements on a going concern basis. The consolidated financial statements do not include any adjustments relating to the carrying amounts and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. APPLICATION OF NEW AND AMENDMENTS TO A HKFRS ACCOUNTING STANDARD

In the current year, the Group has applied, for its first time, the following amendments to a 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 effect 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.

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 the 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. APPLICATION OF NEW AND AMENDMENTS TO A HKFRS ACCOUNTING STANDARD (CONTINUED)

HKFRS 18 — Presentation and Disclosure in Financial Statements (Continued)

The application of HKFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and other comprehensive income and statement of cash flows and disclosures in the future financial statements. The Group will continue to assess the impact of HKFRS 18 on the consolidated financial statements of the Group.

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 The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis.

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 (i.e. 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. When the Group has less than a majority of the voting rights of an investee, power over the investee may be obtained through: (i) a contractual arrangement with other vote holders; (ii) rights arising from other contractual arrangements; (iii) the Group's voting rights and potential voting rights; or (iv) a combination of the above, based on all relevant facts and circumstances.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Basis of consolidation (Continued)

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss 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 of subsidiaries are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investments in subsidiaries

In the Company's statement of financial position, the investments in subsidiaries are stated at cost less accumulated impairment loss. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

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 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 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. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

The Group's policy for goodwill relating to an associate that included in the carrying amount of the investment is set out in "Investments in associates" below.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Investments in associates (Continued)

The Group's investments in associates are accounted for in the consolidated financial statements using the equity method. Under the equity method, investments in associates are initially recognised at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. If the Group's share of losses of an associate equals or exceeds its interest in the associate, which includes any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group discontinues recognising its share of further losses.

If an associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made to make the associate's accounting policies conform to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the associate is recognised as goodwill and is included in the carrying amount of the investment.

The requirements of HKAS 36 Impairment of Assets are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the net investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate is disposed of.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Investments in associates (Continued)

When the investment ceases to be an associate upon the Group losing significant influence over the associate, the Group discontinues to apply equity method and any retained interest is measured at fair value at that date which is regarded as its fair value on initial recognition as a financial asset in accordance with the applicable standard. Any difference between the fair value of any retained interest and any proceeds from disposing of a part interest in the associate and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

Revenue from contracts with customers

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

- 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 Group satisfies a performance obligation.

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

A performance obligation represents a good (or a bundle of goods) that is distinct or a series of distinct goods that are substantially the same.

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 or enhances an asset that the customer controls as the asset is created or 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 good or service.

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)

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 (or an amount of consideration is due) from the customer.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract liabilities of unrelated contracts are not presented on a net basis.

Descriptions of the Group's performance obligations in contracts with customers and significant judgments applied in revenue recognition are as follows:

(a) Sales of plastic components and moulds

The Group produces and sells plastic components and moulds. Revenue from the sales of plastic components is recognised when control of the product has transferred to the customer. Control of the product is considered transferred to the customer when the goods are delivered.

A receivable is recognised when the products are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Payment of the transaction price is usually due within 90 days of the date when control of the products is transferred to the customer.

Revenue from sales of moulds is recognised at a point of time when control over the moulds is transferred to our customers.

(b) Other income

Other income from the sales of raw materials and scrap materials is recognised when control of the product has transferred to the customer. Control of the product is considered transferred to the customer when the goods are delivered.

Service income including quality inspection income and processing fee income is recognised when services are provided.

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 are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to allocate the cost of items of property, plant and equipment (other than construction in progress) less their residual value over their estimated 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. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss. 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 differences between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals

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.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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.

Right-of-use assets

The right-of-use assets comprise lease payments made at or before the commencement date and any initial direct costs, less lease incentives received. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, provision is recognised and measured under HKAS 37 Provision, Contingent Liabilities and Contingent Assets. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

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.

Sale and leaseback transactions

The Group acts as a seller-lessee

The Group applies the requirements of HKFRS 15 Revenue from Contracts with Customers to assess whether sale and leaseback transaction constitutes a sale by the Group as a seller-lessee. For a transfer that does not satisfy the requirements as a sale, the Group accounts for the transfer proceeds as borrowing within the scope of HKFRS 9 Financial Instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leasing (Continued)

Right-of-use assets (Continued)

Sale and leaseback transactions (Continued)

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. 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.

When a contract includes both lease and non-lease components, the Group applies HKFRS 15 to allocate the consideration under the contract to each component.

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.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

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 at the rates of exchanges prevailing on 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 translation reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Borrowing costs

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

Employee benefits

Retirement benefits scheme contribution

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.

Short-term employee 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.

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 profit before tax as reported in the consolidated statement of profit or loss 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 substantively enacted by the end of the reporting period.

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 differences 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 the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at 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 and associates, 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 probable 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Taxation (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable 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.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Inventories

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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, as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

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, and financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities 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.

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)

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

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)

- 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.

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 instruments other than purchased or originated credit-impaired 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 ("ECL"), 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. On the other hand, 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. 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 and gain" line item.

Impairment of financial assets

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

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 reliable without undue cost or effort.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless when 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.

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;
- significant increases in credit risk on other financial instruments of the same debtor; and
- 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 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.

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 (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 financial instrument is determined to have low credit risk if i) the financial 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 it has an internal or external credit rating of 'investment grade' as per 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 counterparty; 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 is more than 60 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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 (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; or
- 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 counterparty 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, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL 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 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 ECL 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.

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 (Continued)

Measurement and recognition of ECL (Continued)

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 12m 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.

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 are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All 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 i) contingent consideration of an acquirer in a business combination, ii) held-for-trading, or iii) designated as at fair value through profit or loss, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Derecognition

A financial asset is derecognised 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 entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

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.

Impairment on property, plant and equipment, right-of-use assets, intangible assets and investment properties (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, intangible assets and investment properties with finite useful lives 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. 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 groups 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 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 cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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 cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Fair value measurement

When measuring fair value except for share-based payment transactions, leasing transactions, net realisable value of inventories and value in use of goodwill, 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.

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 are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING JUDGEMENTS 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 judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. 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 associated 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 judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see above), 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 recognized and disclosures made in the consolidated financial statements.

Going concern consideration

The assessment of the going concern assumption involves making a judgement by the directors of the Company, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors of the Company consider that the Group has the ability to continue as a going concern and the major events or conditions, which may give rise to liquidity risk are set out in Note 1.

Judgments in determining the timing of satisfaction of performance obligation

Judgement is required to assess whether control over the moulds is transferred to our customers. We consider that customers will only obtain the legal title of the completed moulds after they have issued the final acceptance report, for which we have present right to the payment and the collection of the consideration is probable. The Group manufactures moulds that are highly customised for the particular customer with no alternative use for others, but has no enforceable right to our customer's payment for our performance completed to date. We consider that the control over the sales of moulds are transferred at a point of time, instead of overtime, when our customers issue the final acceptance report.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty

The following 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 causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated depreciation and useful lives of property, plant and equipment, right-of-use assets and investment properties

The directors of the Company determine the estimated useful lives and related depreciation charges for its property, plant and equipment, right-of-use assets and investment properties. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment, right-of-use assets and investment properties of similar nature and functions or useful lives suggested by State Administration of Taxation of the PRC. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. The directors of the Company will increase the depreciation charges where useful lives are less than previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. The carrying amounts of the property, plant and equipment, right-of-use assets and investment properties as at 31 December 2025 amounted to approximately RMB957,290,000 (2024: RMB1,066,227,000), RMB188,693,000 (2024: RMB188,162,000) and RMB219,403,000 (2024: nil) respectively.

Estimated impairment of property, plant and equipment, right-of-use assets and investment properties

In considering the impairment losses that may be required for certain of the Group's assets which include property, plant and equipment, right-of-use assets and investment properties, recoverable amount of the asset needs to be determined if there is indication that those assets may be impaired. The recoverable amounts have been determined based on value-in-use calculations. These calculations require the use of estimates such as the future revenue and discount rates. The carrying amounts of the property, plant and equipment, right-of-use assets and investment properties as at 31 December 2025 amounted to approximately RMB957,290,000 (2024: RMB1,066,227,000), RMB188,693,000 (2024: RMB188,162,000), and RMB219,403,000 (2024: nil) respectively. No accumulated impairment loss was recognised for property, plant and equipment, right-of-use assets and investment properties as at 31 December 2025 and 2024.

Estimated impairment of interests in associates

Determining whether the interests in associates are impaired requires an estimation of the future cash flows expected to arise in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. The carrying amounts of the interests in associates as at 31 December 2025 amounted to approximately RMB62,669,000 (2024: RMB56,519,000). No impairment losses were recognised during the year ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Estimated allowance for inventories

The directors of the Company review an ageing analysis at the end of each reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in production. The directors of the Company estimate the net realisable value for such raw materials, work-in-progress and finished goods based primarily on the latest invoice prices and current market conditions. The directors of the Company also carry out an inventory review on a product-by-product basis at the end of each reporting period and make allowance for obsolete items. As at 31 December 2025, the carrying amount of inventories is approximately RMB606,619,000 net of allowance for inventories of approximately RMB9,353,000 (2024: RMB480,840,000 net of allowance for inventories of approximately RMB12,890,000).

Estimated loss allowance on trade and bills receivables

The loss allowance for trade receivables are based on assumptions about ECL. The Group uses judgement in making these assumptions and selecting the inputs to the loss allowance calculation, bases on the number of days that an individual receivable is outstanding 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 loss charge to the consolidated statement of profit or loss and other comprehensive income.

As at 31 December 2025, the carrying amount of trade receivables is approximately RMB837,861,000, net of loss allowance of approximately RMB9,799,000 (2024: RMB730,935,000, net of loss allowance of approximately RMB10,732,000).

As set out in note 30(b), the Group considers the credit risk on bill receivables associated with banks with high credit ratings is limited.

As at 31 December 2025, the carrying amount of bills receivables is approximately RMB62,791,000 (2024: RMB75,262,000). No loss allowance was recognised during the years ended 31 December 2025 and 2024.

Estimated impairment of other receivables and deposits

The Group use ECL model to assess the impairment of other receivables and deposits. The application of ECL model requires significant judgements and estimates, and requires consideration for all reasonable and proofed information, including forward-looking information. When making these judgements and estimates, the Group infers expected changes in debtor's credit risk based on historical repayment data combined with economic policies, macroeconomic indicators, industrial risks and other factors. Different estimates may affect the accrual of provision for impairment. The accrued provision for impairment may not be equal to the actual amount of impairment losses in the future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Estimated impairment of other receivables and deposits (Continued)

As at 31 December 2025, the carrying amount of other receivables and deposits is approximately RMB46,074,000 (2024: RMB30,013,000), net of allowance for ECL of nil (2024: nil). No impairment losses were recognised during the year ended 31 December 2025 and 2024.

5. 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 years.

The capital structure of the Group consists of net debt, which includes bank and other loans as disclosed in Note 25 and amounts due from/to a director and associates as disclosed in Note 22, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure by considering the cost of capital and the risks associated with each class of capital. Based on the recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as raise of new loans or repayment of existing loans.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable for goods sold, less discount and value-added tax during the year.

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM") (i.e. the chief executive) in order to allocate resources to segments and to assess their performance.

The Group's operating activities are attributable to a single operating segment focusing on the moulding fabrication, manufacturing, and trading of moulds and plastic components. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies which conform to HKFRS Accounting Standards, that are regularly reviewed by the CODM. The CODM monitors the revenue from moulding fabrication, manufacturing, and trading of moulds and plastic components for the purpose of making decisions about resources allocation and performance assessment. However, no revenue analysis, operating results and other discrete financial information are available for the resource allocation and performance assessment. The CODM reviews the profit for the year of the Group as a whole for performance assessment. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

The Group derives and recognises all of its revenue from the delivery of goods at a point in time in the following major product types.

	2025 RMB'000	2024 RMB'000
Plastic components	1,817,695	1,778,607
Moulds	344,249	245,743
	2,161,944	2,024,350

Transaction price allocated to the remaining performance obligations

As at 31 December 2025, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) is approximately RMB370,921,000 (2024: RMB321,295,000). The amount represents revenue expected to be recognised in the future from delivery of goods. The Group will recognise this revenue when the goods are delivered to the customers, which is expected to occur over the next 12–24 months (2024: next 12–24 months).

Geographical information

During the years ended 31 December 2025 and 2024, the Group's major operations were located in the PRC.

During the year ended 31 December 2025, 92.31% (2024: 95.67%) of the Group's revenue from external customers was generated in the PRC while as at 31 December 2025, 85% (2024: 86%) of the Group's non-current assets was located in the PRC, remaining 8% and 7% (2024: 9% and 5%) of the Group's non-current assets were located in Serbia and Mexico, respectively.

Information about major customers

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

	2025 RMB'000	2024 RMB'000
Customer A	206,172	209,228
Customer B	403,090	233,164

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. OTHER INCOME AND GAIN

	2025 RMB'000	2024 RMB'000
Sales of raw and scrap materials	181,030	144,029
Cost of raw and scrap materials	(172,330)	(134,672)
Gain on sales of raw and scrap materials	8,700	9,357
Quality inspection income	420	4,645
Bank interest income	1,981	1,109
Management services income	301	3,364
Rental income (Note ii)	1,059	–
Gain on disposal of property, plant and equipment	–	2,041
Government subsidies (Note i)	29,647	35,900
Release of government grants for land (Note 27)	139	139
Reversal of (impairment loss) on trade receivables	933	(228)
Impairment loss on goodwill	–	(5,385)
Others	(408)	59
	42,772	51,001

Note i: During the year ended 31 December 2025, government subsidies of approximately RMB29,647,000 (2024: RMB35,900,000) have been recognized which were designated for the encouragement of business development and high technology development incentive. All conditions in respect of these subsidies had been fulfilled and such government subsidies were recognized in profit or loss and included in other income for the year.

Note ii: An analysis of Group's net rental income is as follow:

	2025 RMB'000	2024 RMB'000
Gross rental income from investment properties	8,169	–
Less:		
direct operating expenses incurred for investment properties that generated rental income during the year	(6,589)	–
direct operating expenses incurred for investment properties that did not generate rental income during the year	(521)	–
	1,059	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

8. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest on:		
Bank and other loans	38,410	30,125

9. INCOME TAX EXPENSE

	2025 RMB'000	2024 RMB'000
Current income tax:		
PRC Enterprise Income Tax (the "EIT")	2,730	1,664
Over-provision in prior years	–	(279)
	2,730	1,385
Deferred tax (Note 26)	(1,608)	1,011
	1,122	2,396

(i) Overseas income tax

The Company is incorporated in the Cayman Islands and is exempted from taxation in the Cayman Islands. No provision for taxation have been made for Mexico and Serbia subsidiaries, as the subsidiaries had no assessable profits for the year ended 31 December 2025 and 2024.

(ii) Hong Kong Profits Tax

No provision for Hong Kong Profits Tax had been made as the Company did not have any assessable profits subject to Hong Kong Profits Tax for both years and the Company's subsidiaries' income neither arises in, nor is derived from, Hong Kong during both years.

(iii) PRC 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% from 1 January 2008 onwards.

The applicable tax rate of the Company's subsidiaries, 廣州友成機工有限公司 Guangzhou Yusei Machinery Co., Ltd.* ("Guangzhou Yusei"), 杭州友成機工有限公司 Hangzhou Yusei Machinery Co., Ltd.* ("Hangzhou Yusei"), 湖北友成塑料模具有限公司 Hubei Yusei Plastics & Mould Co., Ltd.* ("Hubei Yusei"), 友成(中國)模具有限公司 Yusei China Moulding Co., Ltd.* ("Yusei China"), and 杭州友成模具技術研究有限公司 Hangzhou Yusei Moulding Technology Co., Ltd.* ("Yusei Technology"), 蘇州友成機工有限公司 Suzhou Yusei Machinery Co.,Ltd.* ("Suzhou Yusei"), 吉林東光友成機工有限公司 Jilin Dongguang Yusei Machanic Co., Ltd.* ("Jilin Yusei"), 杭州友成科技有限公司 Hangzhou Yusei Tech Co., Ltd.* ("Yusei Tech") and 友成機工(天津)有限公司 Youcheng Machinery (Tianjin) Co., Ltd.* ("Tianjin Yusei") for the year ended 31 December 2025 was 15% (2024: 15%).

* The English names are for identification purposes only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

9. INCOME TAX EXPENSE (CONTINUED)

(iii) PRC EIT (Continued)

On 9 December 2016, Guangzhou Yusei was approved by Science and Technology Department of Guangdong Province as high technology enterprise and therefore is subject to EIT at a concession rate of 15% for three years, with effective from 9 December 2016. Guangzhou Yusei has further obtained the renewal of its high technology qualification on 2 December 2019 and 2 December 2022 and is entitled to the concession rate of 15% from 2019 to 2022 and 2022 to 2025 respectively.

On 30 November 2018, Hangzhou Yusei was approved by Science and Technology Department of Zhejiang Province as high technology enterprise and therefore is subject to EIT at a concession rate of 15% for three years, with effective from 30 November 2018. Hangzhou Yusei has further obtained the renewal of its high technology qualification on 16 December 2021 and 6 December 2024 and is entitled to the concession rate of 15% from 2021 to 2024 and 2024 to 2027.

On 15 November 2021, Hubei Yusei was approved by Science and Technology Department of Hubei Province as high technology enterprise and therefore is subject to EIT at a concession rate of 15% for three years, with effective from 15 November 2021. Hubei Yusei has further obtained the renewal of its high technology qualification on 27 November 2024 and is entitled to the concession rate of 15% from 2024 to 2027.

On 16 December 2021, Yusei China and Yusei Technology were approved by Science and Technology Department of Zhejiang Province as high technology enterprise and therefore is subject to EIT at a concession rate of 15% for three years, with effective from 16 December 2021. Yusei China and Yusei Technology have further obtained the renewal of its high technology qualification on 6 December 2024 and is entitled to the concession rate of 15% from 2024 to 2027.

On 12 October 2022, Suzhou Yusei was approved by Science and Technology Department of Jiangsu Province as high technology enterprise and therefore is subject to EIT at a concession rate of 15% for three years, with effective from 12 October 2022. Suzhou Yusei has further obtained the renewal of its high technology qualification on 18 November 2025 and is entitled to the concession rate of 15% from 2026 to 2029.

On 16 December 2021, Jilin Yusei was approved by Science and Technology Department of Jilin Province as high technology enterprise and therefore is subject to EIT at a concession rate of 15% for three years, with effective from 21 December 2021. Jilin Yusei has further obtained the renewal of its high technology qualification on 6 December 2024 and is entitled to the concession rate of 15% from 2024 to 2027.

On 24 December 2022, Yusei Tech was approved by Science and Technology Department of Zhejiang Province as high technology enterprise and therefore is subject to EIT at a concession rate of 15% for three years, with effective from 24 December 2022. Yusei Tech has further obtained the renewal of its high technology qualification on 19 December 2025 and is entitled to the concession rate of 15% from 2025 to 2028.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

9. INCOME TAX EXPENSE (CONTINUED)

(iii) PRC EIT (Continued)

On 8 December 2023, Tianjin Yusei was approved by Science and Technology Department of Tianjin City as high technology enterprise and therefore is subject to EIT at a concession rate of 15% for three years, with effective from 8 December 2023.

The income tax expense for the year can be reconciled to the profit before tax in the consolidated statement of profit or loss as follows:

	2025 RMB'000	2024 RMB'000
Profit before tax	108,272	96,935
Tax at the income tax rate at 25% (2024: 25%)	27,068	24,234
Tax effect of share of profits of associates	(1,913)	(1,486)
Tax effect of expenses not deductible for tax purpose	1,031	2,252
Tax effect of income not taxable for tax purpose	(5,321)	(2,186)
Tax effect of tax losses not recognised	6,035	9,641
Over-provision in prior years	–	(279)
Tax effect attributable to tax concessions granted to the PRC subsidiaries	(19,744)	(20,143)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(1,466)	(3,738)
Utilisation of tax losses previously not recognised	(4,568)	(5,899)
Income tax expense for the year	1,122	2,396

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For the year ended 31 December 2025

10. PROFIT FOR THE YEAR

	2025 RMB'000	2024 RMB'000
Profit for the year has been arrived at after charging (crediting):		
Directors' and the chief executive's remuneration (Note 11)	4,437	3,512
Salaries, wages and other benefits	384,090	281,649
Retirement benefits scheme contributions	29,609	21,343
Other staff costs	413,699	302,992
Total staff costs	418,136	306,504
Depreciation of property, plant and equipment	202,778	163,414
Depreciation of right-of-use assets	4,067	3,989
Depreciation of investment properties	1,310	–
Amortisation of intangible assets (included in administrative expenses)	4,534	4,676
Total depreciation and amortisation expenses	212,689	172,079
Auditor's remuneration	1,200	920
(Reversal of) impairment loss on trade receivables	(933)	228
Reversal of allowance for inventories (included in cost of sales)	(3,537)	(5,429)
Impairment loss on goodwill	–	5,385
Research and development costs recognised as an expense	98,560	91,712
Cost of inventories recognised as an expense	1,821,033	1,731,860

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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11. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND EMPLOYEES' EMOLUMENTS

(a) Directors and Chief Executive

Details of remuneration paid and payable to each of the eight (2024: eight) directors and the chief executive of the Company for the years ended 31 December 2025 and 2024 are as follows:

For the year ended 31 December 2025

	Executive directors			Non-executive directors		Independent non-executive directors			Total
	Xu Yong (Note b)	Manabu Shimabayashi	XU Xiaoying (Note c)	Katsutoshi Masuda	Toshimitsu Masuda	Lo Ka Wai (Note d)	Fan Xiaoping	Hisaki Takabayashi	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings									
Fee	630	630	182	912	547	96	27	27	3,051
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and its subsidiary undertakings									
Other emoluments									
— Salaries	121	120	428	-	-	-	-	-	669
— Corporate Social Security Contributions	-	-	17	-	-	-	-	-	17
— Discretionary bonus (Note a)	450	250	-	-	-	-	-	-	700
	571	370	445	-	-	-	-	-	1,386
Total emoluments	1,201	1,000	627	912	547	96	27	27	4,437

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11. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND EMPLOYEES' EMOLUMENTS (CONTINUED)

(a) Directors and Chief Executive (Continued)

For the year ended 31 December 2024

	Executive directors			Non-executive directors		Independent non-executive directors			Total
	Xu Yong (Note b)	Marabu Shimabayashi	XU Xiaoying (Note c)	Katsutoshi Masuda	Toshimitsu Masuda	Lo Ka Wai (Note d)	Fan Xiaoping	Hisaki Takabayashi	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings									
Fee	630	630	-	1,000	50	120	30	30	2,490
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and its subsidiary undertakings									
Other emoluments									
— Salaries	121	120	314	-	-	-	-	-	555
— Corporate Social Security Contributions	-	-	17	-	-	-	-	-	17
— Discretionary bonus (Note a)	450	-	-	-	-	-	-	-	450
	571	120	331	-	-	-	-	-	1,022
Total emoluments	1,201	750	331	1,000	50	120	30	30	3,512

Notes:

- The discretionary bonus is determined with reference to the individual performance during the years ended 31 December 2025 and 2024.
- Mr. Xu Yong is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.
- Ms. Xu Xiaoying was appointed as Executive Director of Yusei Holdings Limited, with effective from 28 December 2024.
- Mr. Lo Ka Wai was resigned as Independent Non Executive Director of Yusei Holdings Limited, with effective from 15 November 2025 and Mr. He Xiangli was appointed as Independent Non Executive Director of Yusei Holdings Limited with effective from 1 February 2026.
- During the years ended 31 December 2025 and 2024, no emoluments were paid by the Group to the directors and chief executive of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors and the chief executive has waived or agreed to waive any remuneration during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND EMPLOYEES' EMOLUMENTS (CONTINUED)

(b) Employees

Of the five individuals with the highest emoluments in the Group, three (2024: three) were directors and the chief executive of the Company whose emoluments are included in the disclosures above. The aggregate emoluments of the remaining two (2024: two) individuals were attributable to two members of senior management, as follows:

	2025 RMB'000	2024 RMB'000
Salaries, wages and other benefits	2,410	1,196
Retirement benefits scheme contributions	226	77
	2,636	1,273

The emoluments paid to the members of senior management (excluding directors) were within the following bands:

	Number of employees	
	2025	2024
Nil to HK\$1,000,000 (equivalent to approximately RMB911,692 (2024: RMB923,531))	2	2

During the years ended 31 December 2025 and 2024, no remuneration was 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.

12. DIVIDENDS

	2025 RMB'000	2024 RMB'000
Dividends recognised as distribution during the year:		
2024 Final — RMB1.30 cents (2023 Final — RMB1.30 cents) per share	8,265	8,643

Subsequent to the end of the reporting period, a final dividend of RMB1.30 cents per share in respect of the year ended 31 December 2025 per share has been proposed by the directors of the Company and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. EARNINGS PER SHARE

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

	2025	2024
	RMB'000	RMB'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share	101,404	89,733
	2025	2024
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	636,550	636,550

Diluted earnings per share is same as basic earnings per share for the years ended 31 December 2025 and 2024 as there is no potential ordinary shares outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and equipment	Motor vehicles	Office equipment	Moulds	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST							
At 1 January 2024	366,650	1,132,162	9,527	38,341	93,830	263,403	1,903,913
Additions	82	80,270	1,052	783	40,485	180,916	303,588
Disposal	-	(24,802)	(420)	(129)	-	-	(25,351)
Transfer	116,151	64,706	262	237	-	(181,356)	-
Exchange realignment	(857)	(6,926)	(22)	(67)	-	(2)	(7,874)
At 31 December 2024	482,026	1,245,410	10,399	39,165	134,315	262,961	2,174,276
Additions	-	87,983	461	1,684	45,497	176,102	311,727
Written off	-	(43,190)	-	(6)	-	-	(43,196)
Transfer	45,679	112,608	-	-	-	(158,287)	-
Transfer to inventories	-	-	-	-	-	(3,141)	(3,141)
Transfer to investment properties (Note 16)	-	-	-	-	-	(220,713)	(220,713)
Exchange realignment	518	5,115	27	40	-	1,424	7,124
At 31 December 2025	528,223	1,407,926	10,887	40,883	179,812	58,346	2,226,077
DEPRECIATION AND IMPAIRMENT							
At 1 January 2024	136,116	749,274	7,781	12,597	56,083	-	961,851
Provided for the year	17,421	114,165	78	1,137	30,613	-	163,414
Disposal	-	(15,948)	(202)	(116)	-	-	(16,266)
Exchange realignment	(67)	(855)	-	(28)	-	-	(950)
At 31 December 2024	153,470	846,636	7,657	13,590	86,696	-	1,108,049
At 1 January 2025	153,470	846,636	7,657	13,590	86,696	-	1,108,049
Provided for the year	17,642	139,474	613	2,778	42,271	-	202,778
Written off	-	(43,190)	-	(6)	-	-	(43,196)
Exchange realignment	56	1,072	2	26	-	-	1,156
At 31 December 2025	171,168	943,992	8,272	16,388	128,967	-	1,268,787
CARRYING VALUES							
At 31 December 2025	357,055	463,934	2,615	24,495	50,845	58,346	957,290
At 31 December 2024	328,556	398,774	2,742	25,575	47,619	262,961	1,066,227

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following useful lives:

Buildings	12 – 20 years
Machinery and equipment	3 – 20 years
Motor vehicles	3 – 5 years
Office equipment	3 – 5 years
Moulds	3 – 5 years

As at 31 December 2025 and 2024, certain of the property, plant and equipment were pledged to obtain bank loans granted to the Group, details of which are set out in Note 25.

During the years ended 31 December 2025 and 2024, the Group entered into sales and leaseback agreements. Pursuant to which, the Group sells certain plant and machineries to a financial institution, which shall then be leased back for use by the Group, with the lease period of one year from the date of inception. Upon expiry of the lease term, the Group has the right to repurchase the leased assets in accordance with the agreed terms and with a consideration of a nominal amount of RMB100. The Group continues to recognise these plant and machineries and the transfer proceeds were recognised as secured other loans as set out in Note 25.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

15. RIGHT-OF-USE ASSETS

(i) Right-of-use assets

	2025 RMB'000	2024 RMB'000
Land	188,693	188,162

The above item of right-of-use assets is depreciated on a straight-line basis at the following useful lives:

Land	Over lease term
------	-----------------

Right-of-use assets of approximately RMB188,693,000 (2024: RMB188,162,000) represents land use rights located in the PRC, Mexico and Serbia. As at 31 December 2025 and 2024, certain of the land were pledged to obtain bank loans granted to the Group, details of which are set out in Note 25.

The lease terms for land is generally 50 years.

No addition to the right-of-use assets for the year ended 31 December 2025 (2024: RMB14,396,000) due to new ownership of land use rights.

(ii) Amounts recognised in profit or loss

	2025 RMB'000	2024 RMB'000
Depreciation expense on land	4,067	3,989
Expense relating to short-term leases	5,479	5,874

(iii) Others

During the year ended 31 December 2025, the total cash outflow for leases amounted to approximately RMB5,479,000 (2024: RMB5,874,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. INVESTMENT PROPERTIES

	Building RMB'000
COST	
At 1 January and 31 December 2024	–
Transfer from property, plant and equipment (Note 14)	220,713
<hr/>	
At 31 December 2025	220,713
ACCUMULATED DEPRECIATION AND IMPAIRMENT	
At 1 January and 31 December 2024	–
Provided for the year	(1,310)
<hr/>	
At 31 December 2025	(1,310)
CARRYING VALUES	
At 31 December 2025	219,403
<hr/>	
At 31 December 2024	–

The fair value of the Group's investment properties as at 31 December 2025 was RMB261,730,000. The fair value has been arrived at based on a valuation carried out by an independent valuers not connected with the Group. The valuation was determined by reference to recent market prices for similar properties in the similar locations and conditions.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. INVESTMENT PROPERTIES (CONTINUED)

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

Building Over the shorter of the term of the lease and 20 years

Details of the Group's investment properties and information about the fair value hierarchy and valuation technique are as follows:

31 December 2025

Description	Carrying value at 31 December		Fair value at level 3 at 31 December		Valuation technique	Major unobservable input	Range	Relationship of major unobservable inputs to fair value
	2025	2024	2025	2024				
	RMB'000	RMB'000	RMB'000	RMB'000				
Building	219,403	-	261,730	-	Income approach	Prevailing market rents	From RMB1.9 per sq.m per day to RMB2.5 per sq. m per day	The higher the prevailing market rent, the higher the fair value

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

The Group has pledged the investment properties with carrying value of approximately RMB219,403,000 as at 31 December 2025 (2024: nil) to secure general banking facilities granted to the Group, details of which are set out in Note 25.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. INTANGIBLE ASSETS

	Software RMB'000
COST	
At 1 January 2024	30,714
Additions	4,097
<hr/>	
At 31 December 2024	34,811
Additions	2,388
<hr/>	
At 31 December 2025	37,199
AMORTISATION	
At 1 January 2024	18,851
Provided for the year	4,676
<hr/>	
At 31 December 2024	23,527
Provided for the year	4,534
<hr/>	
At 31 December 2025	28,061
CARRYING VALUES	
At 31 December 2025	9,138
<hr/>	
At 31 December 2024	11,284
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The amount represents software which is amortised on a straight-line basis over one to ten years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. GOODWILL

	2025 RMB'000	2024 RMB'000
Cost		
At the beginning and end of the financial year	5,385	5,385
Impairment		
At the beginning of the financial year	5,385	–
Impairment loss recognised during the year	–	5,385
At the end of the financial year	5,385	5,385
Carrying amounts		
At the end of the financial year	–	–

During the year ended 31 December 2024, management of the Group determines that there are no impairment of any of its cash-generating units containing goodwill with indefinite useful lives.

The recoverable amounts of this unit have been determined on a value-in-use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period with an average growth rate of 13.8%, and pre-tax discount rate of 14.44%. Cash flows beyond the five-year period are extrapolated using an estimated annual growth rate. Management determined the budgeted gross margin based on past performance, its expectations on the market development, and a long-term growth rate of 2%, which is based on the industry growth forecasts and does not exceed the long-term average growth rate for the business in the country in which the CGU operates. The discount rates used are the CGU's specific weighted average cost of capital, adjusted for the risks of the specific CGU.

During the year ended 31 December 2024, the management determines that an impairment losses of goodwill of approximately RMB5,385,000 is recognised in th CGU.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts of this CGU to exceed its recoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. INTERESTS IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Cost of investments in associates — unlisted	21,971	21,971
Share of post-acquisition profits, net of dividend received	40,698	34,548
Interests in associates	62,669	56,519

Included in the cost of investments in associates is goodwill of approximately RMB2,110,000 (2024: RMB2,111,000) arising on acquisition of associates.

As at 31 December 2025, certain of the interests in associates were pledged to obtain other loans granted to the Group, details of which are set out in Note 25.

As at 31 December 2025 and 2024, the Group had interests in the following associates:

Name of entity	Form of entity	Place of incorporation/ principal place of operation	Class of shares held	Proportion of nominal value of issued capital held by the Group		Proportion of voting power held		Principal activities
				2025	2024	2025	2024	
杭州友成實業有限公司 Hangzhou Yusei Industrial Company Limited* ("Yusei Industrial")	Incorporated	PRC	Registered capital	30%	30%	30%	30%	Moulding fabrication
杭州友成進出口有限公司 Hangzhou Yusei Import and Export Company Limited** ("Yusei Import and Export")	Incorporated	PRC	Registered capital	30%	30%	30%	30%	Trading of plastic components and moulds
浙江友成棒壘球俱樂部管理有限公司 Zhejiang Yusei Baseball and Softball Club Management Company Limited*	Incorporated	PRC	Registered capital	30%	30%	30%	30%	Provision of sport events planning services
大連創景友成模具有限公司 Dalian Chuangjing Yusei Mould Company Limited** ("Dalian Yusei")	Incorporated	PRC	Registered capital	21%	21%	21%	21%	Trading of plastic components and moulds

* The English names are for identification purposes only.

Yusei Import and Export was a wholly-owned subsidiary of Yusei Industrial.

⊙ Dalian Yusei was a partially-owned subsidiary of Yusei Industrial.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information of material associate

Yusei Industrial is the only material associate of the Group for both years. Summarised financial information in respect of the Group's material associate is set out below, which represents amounts shown in the associate's consolidated financial statements are prepared in accordance with HKFRS Accounting Standards.

The associates are accounted for using the equity method in these consolidated financial statements.

Yusei Industrial and its subsidiaries (Yusei Import and Export) ("Yusei Industrial Group")

	2025 RMB'000	2024 RMB'000
Current assets	419,729	348,109
Non-current assets	101,155	102,355
Current liabilities	(322,917)	(276,310)

	2025 RMB'000	2024 RMB'000
Revenue	427,997	377,388
Profit for the year and total comprehensive income for the year	28,812	20,351
Dividend received from the associate during the year	1,500	1,500

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2025 RMB'000	2024 RMB'000
Net assets of Yusei Industrial Group	197,967	174,154
Proportion of the Group's ownership interest in Yusei Industrial Group	30%	30%
Goodwill	2,111	2,111
Carrying amount of the Group's interest in Yusei Industrial Group	61,501	54,357

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. INTERESTS IN ASSOCIATES (CONTINUED)

The financial information and carrying amount of the Group's interest in an associate that is not individually material and is accounted for using the equity method are set out below:

	2025 RMB'000	2024 RMB'000
The Group's share of loss and total other comprehensive expense	(994)	(162)

	2025 RMB'000	2024 RMB'000
Carrying amount of the Group's interest in an immaterial associate	1,168	2,162

20. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	93,428	67,624
Work-in-progress	148,378	104,811
Finished goods	364,835	308,405
	606,641	480,840

21. TRADE AND BILLS RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2025 RMB'000	2024 RMB'000
Trade receivables (Note a)	847,660	741,667
Less: impairment loss recognised	(9,799)	(10,732)
	837,861	730,935
Bills receivables (Note b)	62,791	75,262
Advance to suppliers	32,610	47,822
Prepayments	26,458	24,060
Tax recoverable	13,386	32,639
Other receivables and deposits (Note c)	46,074	30,013
	1,019,180	940,731

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. TRADE AND BILLS RECEIVABLES, DEPOSITS AND PREPAYMENTS

(CONTINUED)

Notes:

- (a) The Group allows a general credit period of 30 to 90 days to its customers. For customers who purchased moulds from the Group and have established good relationships with the Group, the credit period may be extended to the range from 90 days to 270 days. The Group does not hold any collateral over these balances.

The Group has a policy of providing allowance for impairment loss which is based on the evaluation of collectability and age of accounts and on management's judgement including credit worthiness and past collection history of each customer.

The ageing analysis of trade receivables, net of impairment loss recognised presented based on the invoice date, which is approximated to revenue recognition date is as follows:

	2025 RMB'000	2024 RMB'000
Within 30 days	281,068	229,471
31 to 60 days	216,487	189,302
61 to 90 days	163,474	131,241
91 to 180 days	102,657	122,786
181 to 365 days	44,695	39,469
Over 365 days	29,480	18,666
Trade receivables	837,861	730,935

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience and creditworthiness 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.

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

The Group recognised lifetime ECL for trade receivables based on the ageing of customers collectively 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)	0.8%	660,494	5,587
Within 90 days past due	1.3%	110,181	1,401
91 – 180 days past due	2.6%	45,873	1,179
181 – 365 days past due	5.2%	31,112	1,632
Total		847,660	9,799

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. TRADE AND BILLS RECEIVABLES, DEPOSITS AND PREPAYMENTS

(CONTINUED)

Notes: (Continued)

(a) (Continued)

As at 31 December 2024	Weighted average expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	0.8%	422,053	3,280
Within 90 days past due	1.2%	132,792	1,551
91 – 180 days past due	2.4%	125,752	2,966
181 – 365 days past due	4.8%	61,070	2,935
Total		741,667	10,732

The movement in the loss allowance on trade receivables is as follows:

	2025 RMB'000	2024 RMB'000
At the beginning of the year	10,732	10,504
(Reversal of) impairment loss recognised on trade receivables	(933)	228
At the end of the year	9,799	10,732

(b) The ageing analysis of bills receivables presented based on the issue date at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
Within 90 days	53,997	68,052
91 to 180 days	8,794	7,210
	62,791	75,262

The Group measures the loss allowance for bills receivables at an amount equal to 12-month ECL. As the Group's historical credit loss experience does not indicate significant difficulties in recovering these bills receivables before their due dates, no loss allowance was provided on the Group's bills receivables for the years ended 31 December 2025 and 2024.

(c) Included in other receivables and deposits are other receivables and refundable deposit for right-of-use assets of approximately RMB10,398,000 (2024: RMB10,398,000), which have low risk of default or has not been a significant increase in credit risk since initial recognition and no impairment loss is recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

22. AMOUNTS DUE FROM/TO A DIRECTOR AND ASSOCIATES

Directors' current accounts disclosed pursuant to section 383 to the Hong Kong Companies Ordinance (Cap. 622) are as follows:

	2025 RMB'000	2024 RMB'000
Beginning balance	–	–
Ending balance	891	–
Maximum balance during the year	891	–

The amounts are unsecured, interest-free and repayable on demand.

The management considered that the amounts due from a director and associates to be low credit risk and thus no impairment provision is recognised during the years ended 31 December 2025 and 2024.

23. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

As at 31 December 2025, pledged bank deposits and bank balances and cash of an aggregate of approximately RMB150,773,000 (2024: RMB203,474,000) were denominated in RMB, which is not freely convertible currency in the international market and its exchange rate is determined by the Government of the PRC. The bank balances held by the Group carry interest at prevailing market rate for both years.

As at 31 December 2025, the pledged bank deposits amounting to approximately RMB45,591,000 (2024: RMB55,108,000) have been pledged for short-term bills payables and are therefore classified as current assets. The pledged bank deposit will be released upon settlement of relevant bills payables or upon the end of contract.

During the year ended 31 December 2025, the pledged bank deposits carry fixed interest rate of 0.85% (2024: 0.83%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

24. TRADE AND OTHER PAYABLES

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

	2025 RMB'000	2024 RMB'000
Within 30 days	372,776	286,710
31 to 60 days	215,777	157,964
61 to 90 days	115,921	129,381
91 to 180 days	206,378	129,637
181 to 365 days	33,557	222,891
Over 365 days	18,122	5,552
Trade payables and bills payables	962,531	932,135
Value added tax payables	2,932	6,986
Contract liabilities (Note)	109,959	76,296
Payables on property, plant and equipment	60,689	88,057
Interest payables	1,253	3,231
Other payables	86,272	76,170
Accrued staff costs	60,980	56,626
Accrued charges	40,274	41,143
	1,324,890	1,280,644

Note: Contract liabilities include advances received to deliver moulds.

The significant increase in contract liabilities in 2025 was mainly due to increase in the number of contracts during the year and incomplete contracts brought from last year.

Revenue recognised during the year ended 31 December 2025 that was included in the contract liabilities at the beginning of the year is approximately RMB76,296,000 (2024: RMB109,959,000). There was no revenue recognised in the current year that related to performance obligations that were satisfied in a prior year.

The Group receives a deposit before the production activity commences that give rise to contract liabilities at the start of a contract. The Group typically receives a 30% deposit on acceptance of manufacturing orders.

The average credit period on purchase of goods is 30 to 120 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

25. BANK AND OTHER LOANS

	2025 RMB'000	2024 RMB'000
Current		
Bank loans	731,482	525,277
Other loans	50,577	6,716
	782,059	531,993
Non-current		
Bank loans	96,553	166,464
Other loans	–	50,577
	96,553	217,041
	878,612	749,034
Analysed as:		
Secured bank loans	828,035	691,741
Secured other loans (Notes (a), (b) and (c))	50,577	57,293
	878,612	749,034

Notes:

- (a) As at 31 December 2025, the secured other loans carry interest ranged from 2.50% to 4.50% (2024: 2.50% to 4.50%).
- (b) The secured other loans of RMB50,000,000 (2024: RMB50,000,000) were advanced from a company in which Mr. Xu Yue, the shareholder of the Company, has direct equity interest. The secured other loans carry interest at 4.50% per annum with a maturity date of 16 January 2026. The Group has further obtained the renewal of the loan agreement on 16 January 2026 and the maturity date was extended to 16 July 2026.
- (c) The secured other loans of RMB577,000 (2024: RMB7,293,000) were advanced from a third party. The secured other loans of RMB577,000 carry interest at 2.50% per annum with a maturity date of 21 January 2026. The amount was repaid in full on 21 January 2026.
- (d) Pursuant to the Group's bank facilities letters, none of the bank loans contain financial covenants.

The exposure of the Group's interest-bearing bank and other loans are as follows:

	2025 RMB'000	2024 RMB'000
Fixed-rate loans	878,612	749,034

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

25. BANK AND OTHER LOANS (CONTINUED)

The ranges of effective interest rates per annum of the Group's bank and other loans are as follows:

	2025	2024
Fixed-rate bank loans	2.25% to 3.85%	1.29% to 7.66%
Fixed-rate other loans	2.50% to 4.50%	2.50% to 4.50%

As at 31 December 2025, the secured bank loans were secured by the Group's right-of-use assets and property, plant and equipment and investment properties with net carrying values of approximately RMB67,957,000 (2024: RMB69,443,000), RMB306,510,000 (2024: RMB152,539,000) and RMB219,403,000 (2024: nil) respectively.

As at 31 December 2025, the secured other loans of approximately RMB577,000 (2024: RMB7,293,000) were secured under sales and leaseback agreements by the Group's property, plant and equipment with net carrying values of approximately RMB4,658,000 (2024: RMB7,929,000). The remaining secured other loans of approximately RMB50,000,000 (2024: RMB50,000,000) were secured by the Group's interests in a material associate with net carrying values of approximately RMB61,501,000 (2024: RMB54,357,000).

During the year ended 31 December 2025, the Group obtained new bank and other loans with amount of approximately RMB709,260,000 (2024: RMB648,868,000). The proceeds were used to finance the general working capital of the Group.

Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):

	2025 RMB'000	2024 RMB'000
Within one year or on demand	782,059	531,993
After one year but within five years	96,553	217,041
	878,612	749,034

As at the end of the reporting period, the Group has the following undrawn borrowing facilities:

	2025 RMB'000	2024 RMB'000
Fixed rate		
— expiring within one year	406,046	443,200
— expiring beyond one year	88,424	120,006
	494,470	563,206

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. DEFERRED TAX ASSETS

The following is the analysis of the deferred tax assets for financial reporting purposes:

	Tax losses RMB'000	Allowance of impairment loss on trade receivables RMB'000	Revenue recognition RMB'000	Total RMB'000
At 1 January 2024	80	2,549	3,495	6,124
Credit to profit or loss	–	57	(1,068)	(1,011)
As 31 December 2024 and 1 January 2025	80	2,606	2,427	5,113
Charged to profit or loss	–	(233)	1,841	1,608
At 31 December 2025	80	2,373	4,268	6,721

As at 31 December 2025, the Group has estimated unused tax losses of approximately RMB183,556,000 (2024: RMB178,426,000). A deferred tax asset has been recognised in respect of estimated unutilised tax losses of approximately RMB320,000 (2024: RMB320,000). Included in unrecognised tax losses of approximately RMB183,246,000 (2024: RMB178,106,000) are losses of approximately RMB98,618,000 (2024: RMB101,881,000) and RMB5,400,000 (2024: RMB16,795,000) that can be carried forward for five years and ten years from the year in which the respective loss arose respectively. Other losses of approximately RMB79,228,000 (2024: RMB59,430,000) may be carried forward indefinitely.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately RMB731,514,000 (2024: RMB696,680,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

27. DEFERRED INCOME

	2025 RMB'000	2024 RMB'000
Deferred income — government grants	5,719	5,858
Represented by:		
Current liabilities (included in other payables)	139	139
Non-current liabilities	5,580	5,719
	5,719	5,858

Note: During the year ended 31 December 2025, government grants released to the consolidated profit or loss as other income amounted to approximately RMB139,000 (2024: RMB139,000).

28. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000	Shown in the consolidated financial statements RMB'000
Ordinary shares of HK\$0.01 each			
Authorised			
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	1,500,000	15,000	N/A
Issued and fully paid			
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	636,550	6,365	5,801

29. RESERVES

(i) Special reserve

The special reserve of the Group represents the difference between the nominal value of the registered capital of the acquired subsidiaries and the nominal value of the shares of the Company issued for the acquisition at the time of the group reorganisation on 6 June 2005.

(ii) Capital reserve

The amount represents the excess capital contribution by the ultimate holding company to the subsidiary in prior years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

29. RESERVES (CONTINUED)

(iii) Statutory surplus reserve

The Articles of Association of the subsidiaries requires the appropriation of 10% of its profit after tax determined under the PRC accounting standards each year to the statutory surplus reserve until the balance reaches 50% of the registered share capital. According to the provision of the Company's Articles of Association, under normal circumstances, the statutory surplus reserve shall only be used for making up losses, capitalisation into share capital and expansion of the Company's production and operation. For the capitalisation of statutory surplus reserve into share capital, the remaining amount of such reserve shall not be less than 25% of the registered share capital.

(iv) Reserve for shares issued with vesting conditions

The reserve for shares issued with vesting conditions represents the accumulated fair value at the date of allotment of the relevant shares (allotted on 12 October 2005) subsequently vested.

30. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2025 RMB'000	2024 RMB'000
Financial assets		
Financial assets at amortised cost	1,137,225	1,080,984
Financial liabilities		
Financial liabilities at amortised cost	2,041,203	1,906,510

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and bills receivables, deposits and other receivables, amounts due from/to associates and a director, pledged bank deposits, bank balances and cash, trade and other payables and bank and other loans. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management 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

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Market risk

(i) Currency risk

The Group's major exposure to currency risk is attributable to the trade and bills receivables, deposits and other receivables, bank balances and cash, trade and other payables, and bank and other loans of the Group which are mainly denominated in foreign currencies of US\$, JPY, and EUR. The functional currencies of the relevant group entities are RMB and HK\$, MXN and RSD. The Group currently does not have a foreign currency hedging policy in respect of foreign currency exposure. However, the directors of the Company monitor the related foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's major monetary assets and monetary liabilities denominated in currencies other than the functional currencies of the relevant group entities at the reporting date are as follows:

	2025	2024
	RMB'000	RMB'000
Monetary assets		
US\$		
Trade and bills receivables, deposits and other receivables	67,163	60,956
Bank balances and cash	10,109	16,358
	77,272	77,314
JPY		
Bank balances and cash	430	575
EUR		
Trade and bills receivables, deposits and other receivables	6,556	6,824
Bank balance and cash	18,974	18,974
	25,530	25,798

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

	2025 RMB'000	2024 RMB'000
Monetary liabilities		
US\$		
Trade and other payables	48,928	54,575
Bank loans	40,794	47,993
	89,722	102,568
JPY		
Trade and other payables	294	303
Bank loans	71,225	46,748
	71,519	47,051
EUR		
Trade and other payables	2,084	653
Bank loans	30,120	41,799
	32,204	42,452

Sensitivity analysis

The Group is mainly exposed to currency risk in US\$, JPY, and EUR. The following table details the Group's sensitivity to a 10% (2024: 10%) increase and decrease in RMB or HK\$ against JPY and 5% (2024: 5%) increase and decrease in RMB or HK\$ against US\$, and EUR with all other variables held constant. 10% and 5% (2024: 10% and 5%) are the sensitivity rate used when the reporting foreign currency risk internally to key management personnel and represents directors' assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes foreign currencies denominated monetary assets and liabilities and adjusts their translation based on their carrying amounts at the end of each reporting period. A positive number below indicates an increase in the post-tax profit where RMB or HK\$ strengthen 5% (2024: 5%) against US\$, HK\$ and EUR and strengthen 10% (2024: 10%) against JPY. For a 5% and 10% (2024: 5% and 10%) weakening of RMB or HK\$ against the foreign currencies respectively, there would be an equal and opposite impact on the post-tax profit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

Sensitivity analysis (Continued)

	2025 RMB'000	2024 RMB'000
US\$	229	1,199
JPY	5,934	3,878
EUR	1,050	725

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposits (see Note 23 for details) and bank and other loans (see Note 25 for details). The Group historically has not used any financial instruments to hedge potential fluctuations in interest rates.

The Group is also exposed to cash flow interest rate risk in relation to floating-rate bank balances (see Note 23 for details). The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of RMB Benchmark Interest Rate arising from the Group's RMB denominated bank balances.

Sensitivity analysis

As at 31 December 2025, it is estimated that a general increase or decrease of 1% (2024: 1%) in interest rates, with all other variables held constant, would increase (2024: increase) the Group's post-tax profit for the year ended 31 December 2025 by approximately RMB1,086,000 (2024: RMB1,430,000).

The above sensitivity analysis has been determined assuming that a change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for bank balances in existence at the end of the reporting period. The 1% (2024: 1%) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents directors' assessment of the reasonably possible change in interest rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Credit risk

As at 31 December 2025, the Group's maximum exposure to credit risk 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 our Group mainly arises from trade and bills receivables, other receivables and deposits, amount due from ultimate holding company, amounts due from associates, bank balances and cash and pledged bank deposits. The carrying amounts of these balances represent our Group's maximum exposure to credit risk in relation to financial assets.

The Group's exposure to credit risk

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.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
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 (refer to as Stage 1)	12m ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)	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 (refer to as Stage 3)	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group's exposure to credit risk (Continued)

The tables below detail the credit quality of the Group's financial assets as well as the Group's maximum exposure to credit risk by credit risk rating grades.

31 December 2025	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Trade receivables	N/A	(Note (i))	Lifetime ECL (simplified approach)	847,660	(9,799)	837,861
Bills receivables (Note (ii))	N/A	Performing	12m ECL	62,791	-	62,791
Other receivables and deposit	N/A	Performing	12m ECL	46,074	-	46,074
Pledged bank deposits (Note (ii))	N/A	Performing	12m ECL	45,591	-	45,591
Bank balances and cash (Note (ii))	N/A	Performing	12m ECL	143,266	-	143,266
Amounts due from associates	N/A	Performing	12m ECL	751	-	751
Amounts due from a director	N/A	Performing	12m ECL	891	-	891

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group's exposure to credit risk (Continued)

The tables below detail the credit quality of the Group's financial assets as well as the Group's maximum exposure to credit risk by credit risk rating grades. (Continued)

31 December 2024	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Trade receivables	N/A	(Note (i))	Lifetime ECL (simplified approach)	741,667	(10,732)	730,935
Bills receivables (Note (ii))	N/A	Performing	12m ECL	75,262	-	75,262
Other receivables and deposit	N/A	Performing	12m ECL	30,013	-	30,013
Pledged bank deposits (Note (ii))	N/A	Performing	12m ECL	55,108	-	55,108
Bank balances and cash (Note (ii))	N/A	Performing	12m ECL	188,892	-	188,892
Amounts due from associates	N/A	Performing	12m ECL	774	-	774

Notes:

- (i) 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 expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Note 21 includes their further details on the loss allowance for these assets.
- (ii) The credit risk on liquid funds and bills receivables is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

As at 31 December 2025, the Group has concentration of credit risk as 15% (2024: 13%) and 51% (2024: 44%) of the total trade receivables was due from the Group's largest customer and the five largest customers, respectively.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 91.41% (2024: 90.64%) of the total receivables as at 31 December 2025.

The credit quality of counterparty in respect of amount due from a director and associates are assessed by taking into account their financial positions and other factors. The directors of the Company are of the opinion that the risk of default by the counterparty is low.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. 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.

Taking all factors set out in note 1 into account, the directors of the Company are of the opinion that the Group would have adequate funds to meet its liabilities as and when they fall due at least twelve months from the end of the reporting period. Nevertheless, the Group will continue to undertake various measures in order to further improve its liquidity position in the short and long term, including negotiation with financial institutions to raise new bank loans.

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflow from operations to meet its debt obligations and to obtain continuing financial supports from its bankers. As at 31 December 2025, banking facilities in an aggregate amount of approximately RMB1,322,505,000 (2024: RMB1,254,947,000) were available from the Group's principal bankers, of which approximately RMB828,035,000 (2024: RMB691,741,000) has been utilised and included in bank loans. The Group's management monitors the utilisation of bank and other loans and ensures compliance with existing loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of the non-derivative financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The following table includes both interest and principal cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

As at 31 December 2025

	Weighted average interest rate %	Within one year or on demand RMB'000	More than one year less than five years RMB'000	Total contractual undiscounted cash flows RMB'000	Carrying amount RMB'000
Trade and other payables	-	1,161,188	-	1,161,188	1,161,188
Amount due to an associate	-	1,403	-	1,403	1,403
Bank and other loans	3.11	789,562	97,479	887,041	878,612
		1,952,153	97,479	2,049,632	2,041,203

As at 31 December 2024

	Weighted average interest rate %	Within one year or on demand RMB'000	More than one year less than five years RMB'000	Total contractual undiscounted cash flows RMB'000	Carrying amount RMB'000
Trade and other payables	-	1,156,099	-	1,156,099	1,156,099
Amount due to an associate	-	1,377	-	1,377	1,377
Bank and other loans	3.88	532,184	224,036	756,220	749,034
		1,689,660	224,036	1,913,696	1,906,510

(c) Fair value

The directors of the Company consider the fair values of current financial assets and current financial liabilities recorded at amortised cost in the consolidated financial statements approximate their carrying amounts due to short-term maturities.

The directors of the Company consider the fair values of non-current financial assets and non-current financial liabilities recorded at amortised cost in the consolidated financial statements approximate their carrying amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

31. 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 financial 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 financial activities

	1/1/2025 RMB'000	Financing cash flows RMB'000	Non-cash changes				31/12/2025 RMB'000
			Foreign exchange movements RMB'000	Release of deferred income RMB'000	Finance cost incurred (Note 8) RMB'000	Dividend declared (Note 12) RMB'000	
Interest payables included in trade and other payables (Note 24)	3,231	(1,978)	-	-	-	-	1,253
Deferred income (Note 27)	5,858	-	-	(139)	-	-	5,719
Bank and other loans (Note 25)	749,034	83,721	7,447	-	38,410	-	878,612
Dividend payable	-	(8,265)	-	-	-	8,265	-
	758,123	73,478	7,447	(139)	38,410	8,265	885,584

	1/1/2024 RMB'000	Financing cash flows RMB'000	Non-cash changes				31/12/2024 RMB'000
			Foreign exchange movements RMB'000	Release of deferred income RMB'000	Finance cost incurred (Note 8) RMB'000	Dividend declared (Note 12) RMB'000	
Interest payables included in trade and other payables (Note 24)	3,986	(755)	-	-	-	-	3,231
Deferred income (Note 27)	5,997	-	-	(139)	-	-	5,858
Bank and other loans (Note 25)	691,817	23,520	3,572	-	30,125	-	749,034
Dividend payable	-	(8,643)	-	-	-	8,643	-
	701,800	14,122	3,572	(139)	30,125	8,643	758,123

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

32. OPERATING LEASE ARRANGEMENT

As lessor

The group leases out investment properties under operating leases. The leases typically run for an initial period of 1 to 10 years, none of the leases includes variable lease payments.

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 one year	18,452	—
After one year but within two years	16,058	—
After two years but within three years	13,577	—
After three years but within four years	7,595	—
After four years but within five years	5,730	—
After five years	2,745	—
Total	64,157	—

33. COMMITMENTS

	2025 RMB'000	2024 RMB'000
Capital expenditure contracted for but not provided for in the consolidated financial statements in respect of:		
— acquisition of plant and equipment	40,713	57,469
— construction of new production plant	67,729	59,557
	108,442	117,026

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the “MPF Scheme”) for all qualifying employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Scheme Ordinance. The assets of the Scheme are held separately from those of the Group in funds under the control of trustees. The Group contributed 5% at relevant payroll costs to the MPF Scheme, which contribution is matched by employees. The mandatory contributions from each of the employer and employees are subject to a cap of HK\$1,500 per month.

As stipulated by the rules and regulations in the PRC, the Group contributes to the retirement funds scheme managed by local social security bureau in the PRC. The Company contributes a certain percentage of the basic salaries of its employees to the retirement plan to fund the benefits.

The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions. During the year ended 31 December 2025, the total retirement benefits scheme contributions charged to the consolidated profit or loss amounted to approximately RMB23,643,000 (2024: RMB21,343,000).

35. RELATED PARTY TRANSACTIONS

Details of the balances with related parties are set out in the consolidated statement of financial position and Notes 22 and 24.

During the year ended 31 December 2025, the Group had the following material transactions with its related parties:

Name of related party	Relationship	Nature of transactions	2025 RMB'000	2024 RMB'000
Hangzhou Suo Kai Industrial Co., Ltd	Related party (Note b)	Sales of Mould	922	2,439
		Purchase of Mould	–	80
Zhejiang Old Workshop Investment Co., Ltd.	Related party (Note b)	Interest expense	2,000	2,250

Notes:

- (a) The above transactions were made on terms mutually agreed between both parties.
- (b) Mr. Xu Yue, the shareholder of the Company, has direct equity interest in the company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. RELATED PARTY TRANSACTIONS (CONTINUED)

In addition to the above, the remuneration of directors and other members of key management during the year were as follows:

	2025 RMB'000	2024 RMB'000
Short-term benefits	6,847	4,708
Retirement benefits scheme contributions	226	77
	7,073	4,785

The remuneration of directors and key executives disclosed above are based on the service contracts entered into between the Group and the respective individuals. The remuneration of directors and key executives for subsequent renewal of these service contracts will be determined by the remuneration committee having regard to the performance of individuals and market trends.

36. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of all subsidiaries of the Company as at 31 December 2025 and 2024 are as follows:

Name of subsidiary	Place/Country of incorporation or registration/ operations	Registered capital	Class of share	Proportion ownership interest held by the Company				Proportion of voting power held by the Company		Principal activities
				Directly		Indirectly		2025	2024	
				2025	2024	2025	2024			
Zhejiang Yusei Plastics & Mould Co., Ltd (Note d)	PRC	US\$3,000,000	Registered capital	100%	100%	-	-	100%	100%	Moulding fabrication, manufacturing and trading of plastic components
Hangzhou Yusei (Note d)	PRC	US\$8,000,000	Registered capital	-	-	100%	100%	100%	100%	Moulding fabrication, manufacturing and trading of plastic components
Yusei Technology (Note d)	PRC	US\$500,000	Registered capital	-	-	100%	100%	100%	100%	Moulding fabrication
Yusei China (Note e)	PRC	US\$15,300,000	Registered capital	34.64%	34.64%	65.36%	65.36%	100%	100%	Moulding fabrication
Suzhou Yusei Machinery Co., Ltd. (Note d)	PRC	US\$10,000,000	Registered capital	35%	35%	65%	65%	100%	100%	Moulding fabrication, manufacturing and trading of plastic components
Guangzhou Yusei (Note e)	PRC	US\$4,000,000	Registered capital	25%	25%	75%	75%	100%	100%	Moulding fabrication, manufacturing and trading of plastic components

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For the year ended 31 December 2025

36. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name of subsidiary	Place/Country of incorporation or registration/ operations	Registered capital	Class of share	Proportion ownership interest held by the Company				Proportion of voting power held by the Company		Principal activities
				Directly		Indirectly		2025	2024	
				2025	2024	2025	2024			
Wuhu Yusei Plastics & Mold Co., Ltd. (Note d)	PRC	RMB50,000,000	Registered capital	-	-	100%	100%	100%	100%	Moulding fabrication, manufacturing and trading of plastic components
Hubei Yusei (Note e)	PRC	US\$10,000,000	Registered capital	25%	25%	75%	75%	100%	100%	Moulding fabrication, manufacturing and trading of plastic components
Youcheng Machinery (Tianjin) Co., Ltd. (Note d)	PRC	RMB80,000,000	Registered capital	-	-	100%	100%	100%	100%	Moulding fabrication, manufacturing and trading of plastic components
Jilin Dongguang Yusei Mechanic Co., Ltd. ("Jilin Yusei") (Note c & d)	PRC	RMB100,000,000	Registered capital	-	-	100%	100%	100%	100%	Manufacturing and trading of plastic components
Mexico Yusei Machinery S.A. DE C.V.	Mexico	MXN19,100,000	Registered capital	99%	99%	1%	1%	100%	100%	Manufacturing and trading of plastic components
Yusei (Hong Kong) Trading Limited	Hong Kong	HK\$10,000	Registered capital	100%	100%	-	-	100%	100%	Inactive
Youcheng (Tianjin) Plastic Mould Co., Ltd. (Note d)	PRC	RMB120,000,000	Registered capital	-	-	100%	100%	100%	100%	Moulding fabrication, manufacturing and trading of plastic components
Youcheng (Zhejiang) Lighting Appliance Co., Ltd. (Note d)	PRC	RMB50,000,000	Registered capital	-	-	100%	100%	100%	100%	Inactive
Yusei Machinery d.o.o	Serbia	RSD117,579,400	Registered capital	-	-	100%	100%	100%	100%	Manufacturing and trading of plastic components
Foshan Youcheng Machinery Co., Ltd. (Note d)	PRC	RMB80,000,000	Registered capital	-	-	100%	100%	100%	100%	Moulding fabrication, manufacturing and trading of plastic components
Longquan Youcheng Plastic Trading Co., Ltd. (Note d & g)	PRC	RMB5,000,000	Registered capital	-	-	100%	100%	100%	100%	Manufacturing, and trading of plastic components

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

36. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (CONTINUED)

Notes:

- (a) None of the subsidiaries had any debt securities outstanding as at the end of both years or at any time during both years.
- (b) Started from the year ended 31 December 2019, the Group owns 50% equity shares of Yusei Technology indirectly. However, based on the contractual arrangements between the Group and other investor, the Group has the power to appoint and remove the majority of the board of directors of Yusei Technology. Therefore, the directors of the Company concluded that the Group has control over Yusei Technology and Yusei Technology is consolidated in these consolidated financial statements.
- (c) During the year ended 31 December 2020, the Group acquired additional 35% equity interest in Jilin Yusei at a consideration of approximately RMB5,504,000 and Jilin Yusei became a wholly-owned subsidiary of the Company. The difference between the cash consideration and the carrying amount of the net liabilities attributable to the additional interest assumed from the non-controlling shareholders of approximately RMB2,414,000 is debited to retained profits. On 11 December 2020 and 22 August 2023, the registered capital of Jilin Yusei was enlarged from RMB48,000,000 to RMB60,000,000, and from RMB60,000,000 to RMB100,000,000 respectively.
- (d) The entity is a wholly foreign owned enterprise
- (e) The entity is a sino-foreign joint venture.
- (f) None of the subsidiaries have non-controlling interests that are material to the Group.
- (g) The entity is established on 10 May 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	NOTES	2025 RMB'000	2024 RMB'000
Non-current assets			
Investments in subsidiaries	(i)	413,759	413,759
Investment in an associate	(ii)	20,471	20,471
		434,230	434,230
Current assets			
Deposits, prepayments and other receivables		1,820	484
Amounts due from subsidiaries	(iii)	131,952	148,867
Bank balances and cash		8,757	16,406
		142,529	165,757
Current liabilities			
Other payables and accruals		4,808	4,700
Bank loans — due within one year		148,073	123,477
Amounts due to subsidiaries	(iii)	58,786	56,372
		211,667	184,549
Net current liabilities		(69,138)	(18,792)
Total assets less current liabilities		365,092	415,438
Non-current liabilities			
Bank and other loans — due after one year		24,787	56,470
		340,305	358,968
Capital and reserves			
Share capital	28	5,801	5,801
Reserves	(iv)	334,504	353,167
Total equity		340,305	358,968

Approved and authorised for issue by the board of directors on 31 March 2026 and are signed on its behalf by:

Mr. Katsutoshi Masuda
Director

Mr. Xu Yong
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Notes:

- (i) As at 31 December 2025, investments in subsidiaries are carried cost at approximately RMB413,759,000 (2024: RMB413,759,000), no accumulated impairment losses were recognised (2024: no accumulated impairment losses were recognised).
- (ii) As at 31 December 2025, investment in an associate carried cost at approximately RMB20,471,000 (2024: RMB20,471,000), no impairment loss was recognised (2024: no impairment loss was recognised).
- (iii) The amounts due from/to subsidiaries are unsecured, interest-free, and repayable on demand.
- (iv) Reserves of the Company

	Share premium RMB'000	Reserve for shares issued with vesting conditions RMB'000	Capital Reserve RMB'000 (Note)	Translation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2024	122,860	18,065	73,854	14	135,756	350,549
Profit for the year	-	-	-	-	12,992	12,992
Other comprehensive expense for the year	-	-	-	(1,731)	-	(1,731)
Total comprehensive (expense) income for the year	-	-	-	(1,731)	12,992	11,261
Dividend recognised as distribution (Note 12)	-	-	-	-	(8,643)	(8,643)
At 31 December 2024	122,860	18,065	73,854	(1,717)	140,105	353,167
Loss for the year	-	-	-	-	(13,067)	(13,067)
Other comprehensive income for the year	-	-	-	2,669	-	2,669
Total comprehensive (expense) income for the year	-	-	-	2,669	(13,067)	(10,398)
Dividend recognised as distribution (Note 12)	-	-	-	-	(8,265)	(8,265)
At 31 December 2025	122,860	18,065	73,854	952	118,773	334,504

Note:

The amount represents the excess capital contribution by the Company to the subsidiaries in prior years.