GREATIME INTERNATIONAL HOLDINGS LIMITED

廣泰國際控股有限公司

(Incorporated in the British Virgin Islands with limited liability)

Stock Code: 844

ANNUAL REPORT 2024

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CORPORATE INFORMATION

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

NON-EXECUTIVE DIRECTOR
Mr. Zhang Yanlin

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Xu Dunkai
Ms. Zhao Weihong
Mr. Zheng Bing

AUTHORISED REPRESENTATIVES
Mr. Shu Dakun
Mr. Lee Yin Sing

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

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

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

COMPANY SECRETARY
Mr. Lee Yin Sing, CPA

AUDITORS
SHINEWING (HK) CPA Limited

LEGAL ADVISER
As to Hong Kong law:
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PRINCIPAL BANKER
Industrial and Commercial Bank of China, Zhucheng sub-branch
The Hongkong and Shanghai Banking Corporation Limited

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

COMPANY'S WEBSITE
www.greatimeintl.com

FINANCIAL HIGHLIGHTS

KEY FINANCIAL INFORMATION FOR THE LAST FIVE YEARS

	For the year ended 31 December/As at 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Key Financial Information					
Revenue	**486,697**	508,622	469,044	430,989	418,160
Gross profit	**104,150**	105,449	96,693	77,475	98,180
(Loss) profit before tax	**(13,003)**	(2,311)	6,263	(11,850)	16,260
(Loss) profit for the year	**(20,308)**	(9,664)	(156)	(14,255)	8,922
Total comprehensive (expense) income for the year	**(18,307)**	(8,151)	(3,270)	(26,533)	8,164
Non-current assets	**203,151**	212,241	164,162	185,352	212,235
Current assets	**409,085**	407,694	341,935	292,464	264,727
Current liabilities	**346,301**	331,238	234,610	205,455	176,461
Net current assets	**62,784**	76,456	107,325	87,009	88,266
Total assets	**612,236**	619,935	506,097	477,816	476,962
Total assets less current liabilities	**265,935**	288,697	271,487	272,361	300,501
Total equity	**264,181**	282,488	268,424	271,694	298,227
Cash and cash equivalents	**250,614**	270,118	227,951	161,408	140,599
Key Financial Ratios					
Gross profit margin	**21.4%**	20.7%	20.6%	18.0%	23.5%
Net profit margin	**–**	–	–	–	2.1%
Gearing ratio(1)	**27.3%**	25.4%	20.4%	21.6%	21.6%
Current ratio	**1.2**	1.2	1.5	1.4	1.5
Trade receivables turnover days	**39**	27	29	37	40
Inventory turnover days	**66**	62	77	76	69

Note:

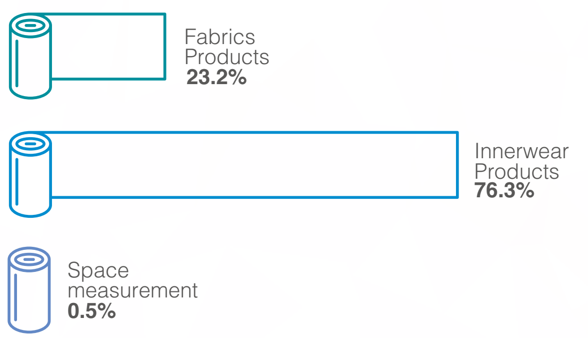
1 Gearing ratio represents the ratio between total interest-bearing borrowings and total assets.

FINANCIAL HIGHLIGHTS

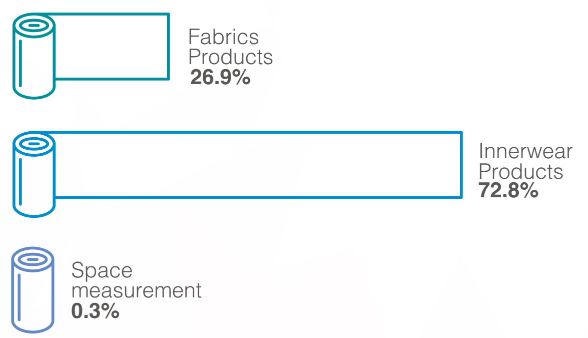
REVENUE OF THE GROUP ANALYSED BY PRODUCT CATEGORIES

	For the year ended 31 December			
	2024		2023	
	RMB'000	**%**	RMB'000	%
Revenue of the Group by products				
Fabrics products	**112,935**	**23.2**	136,641	26.9
Innerwear products	**371,421**	**76.3**	370,228	72.8
Space measurement	**2,341**	**0.5**	1,753	0.3
Total	**486,697**	**100.0**	508,622	100.0

2024



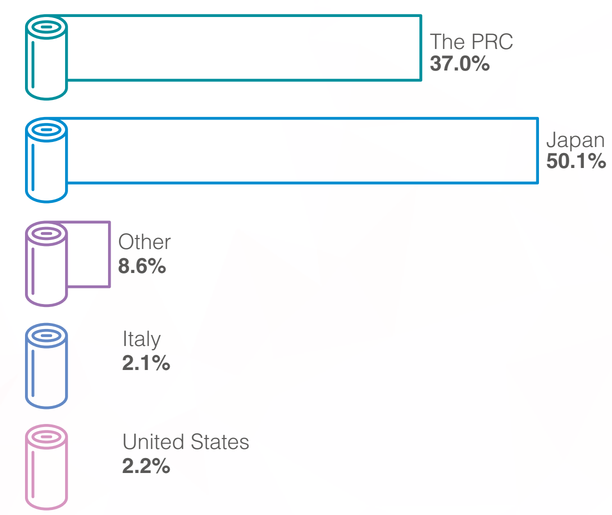
2023



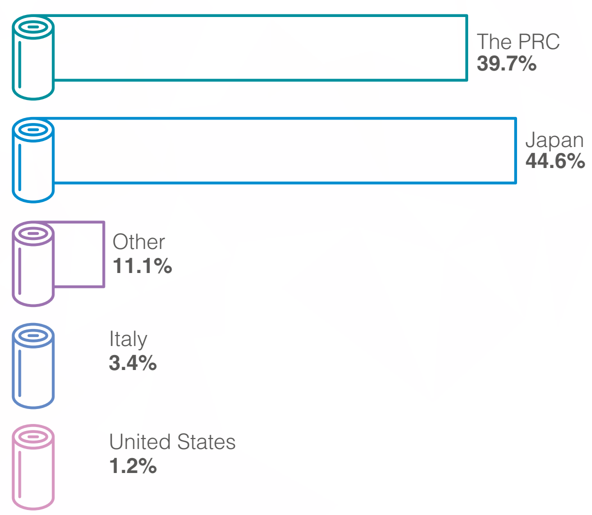
REVENUE OF THE GROUP ANALYSED BY REGIONAL DISTRIBUTION

	For the year ended 31 December			
	2024		2023	
	RMB'000	**%**	RMB'000	%
Revenue of the Group by regional distribution				
The PRC	**180,213**	**37.0**	202,109	39.7
Japan	**243,769**	**50.1**	226,873	44.6
Others	**41,685**	**8.6**	56,282	11.1
Italy	**10,224**	**2.1**	17,077	3.4
United States	**10,806**	**2.2**	6,281	1.2
Total	**486,697**	**100.0**	508,622	100.0

2024



2023



CHAIRMAN'S STATEMENT

Dear Shareholders:

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Greatime International Holdings Limited ("**Greatime International**" or the "**Company**", together with its subsidiaries, the "**Group**"), I would like to present to all the shareholders the audited annual consolidated results of the Group for the year ended 31 December 2024 (the "**Year under Review**").

In 2024, the global economy continues to face challenges and transformation amidst geopolitical turmoil and technological changes. The unresolved Ukraine crisis, intensifying Sino-U.S. trade friction, and turmoil in the Middle East have impacted the global economy, slowing down the overall pace of recovery. With the rise of protectionism, various countries have begun to shift from "globalization" to "regionalization", strengthening domestic production and autonomy in key technologies to reduce reliance on a single market. During the Year under Review, governments in various regions increased their support for technological innovation and industrial upgrading. The widespread application of artificial intelligence (AI) technology in fields, such as manufacturing, healthcare, and finance has driven global productivity enhancement and become a new battleground for international competition. In the face of this era of transformation, the global economic landscape is being reshaped, with countries actively adjusting their policies to seek growth momentum in an environment where turmoil and opportunities coexist.

In the face of a global economic environment that is full of variables, Greatime International has adopted flexible and diverse strategies, including optimizing the product portfolio, strengthening supply chain management, enhancing risk management, improving financial flexibility, and emphasizing cost and production efficiency to maintain competitiveness. During the Year under Review, the Group's turnover amounted to approximately RMB486.7 million, representing a decrease of approximately 4.3% compared to 2023. Among the amount, the turnover from knitted fabrics and innerwear products was RMB112.9 million and RMB371.4 million respectively, while the turnover from the space measurement business was RMB2.3 million.

In recent years, driven by both policy promotion and technological integration, the Building Information Modelling ("**BIM**") and City Information Modelling ("**CIM**") industries in China have accelerated their development. According to the "14th Five-Year Plan" for the construction industry, by 2024, the BIM application rate for new construction projects nationwide has reached 65%, with the full-process BIM application penetration rate for large-scale infrastructure projects (such as rail transit and airports) exceeding 80%. The Ministry of Housing and Urban-Rural Development actively promotes the "BIM + Smart Construction Site" model, integrating Internet of Things and AI monitoring technologies to significantly enhance construction efficiency and safety management levels. The construction of the CIM platform also accelerated during the Year under Review, with more than 60 cities nationwide launching CIM platform pilot projects, primarily applied in areas such as smart city management, urban renewal, and disaster prevention and emergency response. In some regions, the approval cycle for CIM technology projects has been shortened by more than 30% to further enhance urban construction efficiency. Meanwhile, the Ministry of Housing and Urban-Rural Development issued the Guiding Opinions on Accelerating the Construction of CIM Platforms, explicitly requiring that cities at the prefecture level and above fully establish CIM foundation platforms before 2025. In addition, Guangdong, Zhejiang and other regions have incorporated BIM/CIM into mandatory government procurement standards and provided tax incentives to further promote the implementation of industry applications. With policy support, the market scale continues to expand, and the integration of BIM and CIM technologies along with the innovation of application scenarios has become an important trend in industry development in 2024. Based on the "digital twin" concept, the individual building data in BIM and city-level data in CIM are gradually achieving interconnection, enhancing project management and simulation optimization capabilities. In addition, the empowerment of AI and generative technology is driving the industry towards more advanced development.

The Group believes that BIM and CIM has a broad development prospect. In 2023, we officially made a step towards the field of technology by acquiring 40.0% equity interest in Youying Intelligent Technology (Shenzhen) Co., Ltd. ("**Youying**"), striving to develop into a smart city high-tech infrastructure technology service enterprise with AI high-precision measurement and data collection as its core. Even though during the Year under Review, the space measurement business experienced an extension in the time invested in the research and development and design phases beyond the original plan, resulting in its turnover not reaching the expected target, significant breakthroughs were achieved in technical research and development, with notable improvements in product precision and stability. In addition, the team has accumulated valuable experience in equipment testing, data processing, and hardware and software integration, further strengthening the foundation for future mass production and market promotion.

Meanwhile, the Group actively engages with potential customer groups to jointly explore and promote the expansion of technology application scenarios, including smart cities, infrastructure monitoring, and geographic information construction. To respond to changes in market demand, the Group has consistently adopted flexible and adaptable business strategies, committed to optimizing production processes and controlling costs to ensure future business growth momentum. With the research and development entering the final stage and the gradual completion of market preparation work, it is expected that the space measurement business will achieve commercial application in the foreseeable future, bringing a positive impact to the Group's overall business.

The manufacturing business of functional fabrics and innerwear, being another business of the Group, maintained stable development under changing market demand and cost pressures during the Year under Review, with performance meeting expectations. The Group will continue to dedicate efforts to providing diversified, high-quality and cost-effective products to customers worldwide in order to maintain competitiveness in the international market.

Looking forward, the Group will continue to promote the synergistic development of new and existing businesses, actively expand market opportunities, strive to achieve steady growth in various business areas, and create greater value for shareholders and partners.

Finally, on behalf of the Board, I would like to express my sincere gratitude to all our staff for their hard work and dedication. At the same time, we sincerely thank all our shareholders, investors, and all customers for their long-term support and trust, which enables the Group to continuously make breakthroughs and move forward. We will continue to strive for excellence, and bring greater returns to our shareholders with innovation and outstanding performance, and collaborate with all parties to achieve greatness.

Chairman
Wang Bin

31 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

Reflecting on 2024, under the influence of inflation, labor market pressure, central bank interest rate policies, geopolitical risks and the rapid rise of artificial intelligence ("**AI**"), global economic performance was unstable. However, the global economy still demonstrated resilience. According to the data from the International Monetary Fund (IMF), the global economic growth rate in 2024 was 3.2%, which was slightly lower than that of 2023 by 0.1%. In terms of China, according to the data from the National Bureau of Statistics, China's gross domestic product (GDP) in 2024 increased by 5.0% when compared to 2023, meeting the government's target. The growth rates for each quarter were 5.3%, 4.7%, 4.6%, and 5.4%, respectively, with particularly strong performance in the fourth quarter. This growth was mainly attributed to the expansion of investment and exports, effectively offsetting the impact of weak consumption. Despite facing multiple domestic and international challenges, China's economy has shown a robust recovery trend, providing significant support to the global economy.

During the Year under Review, China's total value of import and export of goods amounted to RMB43.85 trillion, representing a year-on-year increase of 5%, setting a new record and further consolidating China's position as the world's largest goods trading nation. Of this total, the total export value was RMB25.45 trillion, representing a year-on-year increase of 7.1%; and the total import value was RMB18.39 trillion, representing an increase of 2.3%, demonstrating the robust performance of China's foreign trade. In terms of the textile industry, according to data from the China Chamber of Commerce for Import and Export of Textiles, the total export value of China's textiles and apparel in 2024 reached US$301.1 billion, representing a year-on-year increase of 2.8%. Of which, textile export was US$141.96 billion, representing an increase of 5.7%; and apparel export was US$159.14 billion, representing an increase of 0.3%. In major markets, exports to the United States and the European Union have increased. Exports to the United States amounted to US$30 billion, representing a year-on-year increase of 6.6%; and exports to the European Union amounted to US$22.99 billion, representing a year-on-year increase of 2.7%. However, exports to Japan decreased by 8.9%, amounting to US$9.83 billion. Amid a complex and volatile international environment, this growth reflects the resilience and stability of China's textile and apparel industry chain and supply chain.

In 2024, China made significant progress in the field of AI, further narrowing the gap with the world's leading countries. Chinese enterprises have successfully launched AI models comparable to international leading standards by improving algorithm efficiency. These technological breakthroughs have not only driven the development of the AI industry, but also provided strong support for the application of digital twin city technology. Digital twin city technology relies on the efficient data processing and analysis capabilities of AI to enable intelligent and refined urban management through AI-driven simulation and prediction. The market size of digital twin cities in China was approximately RMB5.1 billion in 2022, and rapidly expanded at a compound annual growth rate of 50%. In the next three years, the market is expected to maintain an annual growth rate of around 50%, indicating strong development potential. Such growth is primarily attributed to the government's promotion of the customer interaction management ("**CMI**") platform construction, as well as the application demand in areas such as smart transportation, underground space management, security emergency response, and environmental protection and water services. In addition, advancements in AI technology have further enhanced the application value of digital twin cities in the digital management of industrial parks, residential communities, and urban infrastructure, bringing new growth opportunities to the market.

Digital twin city technology is closely related to the building information industry, and both play a crucial role in advancing smart cities and modern building management. The intelligent construction industry in China is rapidly growing under the impetus of economic development and urbanization, with the market size expected to reach RMB906.2 billion by 2030. As digitalization and intelligence continue to evolve, information technologies such as BIM, big data, the Internet of Things, and cloud computing are gradually being applied to the entire lifecycle management of construction to enhance efficiency and reduce costs. However, compared to the United States and Japan, China's construction industry still has significant room for improvement in digital investment and intelligence levels. The government's "14th Five-Year Plan" for the construction industry also emphasizes the application of technologies, such as BIM and CIM to promote the industry's move towards smart buildings and green construction, reflecting enormous commercial potential and development opportunities.

BUSINESS REVIEW

In 2023, the Group acquired Youying and its subsidiaries ("**Youying Group**"), which focus on the research and development of software and hardware for the provision of data collection services and sales of data, including high-precision space mapping unmanned aerial vehicles ("**UAVs**"), image transmission (links), flight control, and 3D high-precision laser radar measuring robots and systems, and the application of such products and technologies, as well as the integration with BIM and CIM software technologies.

For the Year under Review, the related business of Youying Group recorded revenue of RMB2.3 million. The revenue contribution has yet to meet the expected target, primarily because technology development, technical enhancements, and application integration have taken longer than anticipated. Since the completion of the equity acquisition, the Group has been actively promoting the development of related businesses, maintaining close collaboration with the Youying team, and fully participating in management optimization and investment promotion activities. However, the core products independently developed by Youying Group, including high-precision space mapping UAVs, image transmission (links), flight control, and 3D high-precision laser radar measuring robots and systems, required extended research and design time beyond the original plan to ensure that their performance and quality fully met the needs of potential customers. Meanwhile, the development, testing, and validation of related application software were also delayed, preventing the timely launch of the products and services originally scheduled for release during the Year under Review. Despite these time-related challenges, the Group remains committed to a customer-oriented approach, ensuring the maturity and market competitiveness of the product technology.

To enhance the operational efficiency of Youying Group, the Group will continue to actively engage in various aspects, such as research and development, sales, daily operations and finance, and establish comprehensive mechanisms to ensure stable business development. In addition to focusing on product development and technology optimization, the Group is also actively exploring markets and identifying new product application scenarios to expand its potential customer base. Currently, the Group is utilizing 3D high-precision laser radar measuring robots and systems to initiate business cooperation with a large domestic second-hand property transaction platform. Test data shows that the relevant technology fundamentally meets the business needs of the other party. Currently, both parties are expediting business negotiations to facilitate the cooperation. The Group firmly believes that the products and related services of Youying Group are highly aligned with the development strategy of China's digital twin city and building information industry, with enormous growth potential for the industry. As Youying Group makes substantial progress in research and development, the Group will further deepen its technological applications to drive widespread product adoption in areas such as smart cities, infrastructure management and BIM.

During the Year under Review, the Group's knitted fabrics and innerwear manufacturing products businesses recorded revenue and gross profit of approximately RMB484.4 million and RMB103.7 million respectively. With the steady growth in market demand for high-quality sportswear and lingerie, the Group will continue to focus on designing and offering high-quality, diversified and high-margin products according to customer needs. Over the years, the Group has ensured product quality and on-time delivery by establishing strong cooperative relationships with suppliers worldwide. During the Year under Review, the Group continued to uphold product quality and timely delivery by strengthening partnerships with suppliers across the country. During the Year under Review, the Group maintained a stable market share in key markets, such as China, Japan, Italy and the United States.

FINANCIAL REVIEW

Revenue

The following table sets forth a breakdown of the Group's revenue by knitted fabrics, innerwear products and space measurement and as a percentage of the Group's total revenue for the Year under Review, with corresponding comparative figures for the year ended 31 December 2023:

	Year ended 31 December			
	2024 RMB'000 (Audited)	**2024 %**	2023 RMB'000 (Audited)	2023 %
Knitted fabrics	**112,935**	**23.2**	136,641	26.9
Innerwear products	**371,421**	**76.3**	370,228	72.8
Space measurement	**2,341**	**0.5**	1,753	0.3
Total	**486,697**	**100.0**	508,622	100.0

For the Year under Review, the Group recorded a revenue of approximately RMB486.7 million (2023: RMB508.6 million), representing a decrease of approximately RMB21.9 million, or approximately 4.3%. The sales volume of knitted fabrics and innerwear products for the Year under Review were approximately 4,073 tons and 25.8 million pieces respectively (2023: approximately 4,670 tons and 28.6 million pieces respectively). The decrease of revenue was mainly due to the decrease in sales of knitted fabrics from approximately RMB136.6 million in 2023 to approximately RMB112.9 million in 2024.

The sales of knitted fabrics amounted to approximately RMB112.9 million (2023: RMB136.6 million) representing approximately 23.2% (2023: 26.9%) of the total revenue for the Year under Review while the sales volume of knitted fabrics decreased to 4,073 ton for the Year under Review (2023: 4,670 ton). The revenue generated from knitted fabrics products decreased for the year ended 31 December 2024 because the sales volume as well as the unit selling price decreased. In the Year under Review, the Group focused on consuming its own knitted fabrics for the production of innerwear products, as such, the sales volume to the external customer decreased accordingly.

Sales of innerwear products amounted to approximately RMB371.4 million (2023: RMB370.2 million), representing approximately 76.3% (2023: 72.8%) of the total revenue for the Year under Review. The sales of innerwear products remained steady for the Year under Review, the sales volume of innerwear products decreased from approximately 28.6 million pieces for the year ended 31 December 2023 to approximately 25.8 million pieces for the Year under Review. Whereas the decrease in sales volume was compensated by the increase in unit selling price of approximately 11.2%, the overall sales of innerwear products stayed steady.

For the Year under Review, the space measurement business contributed a revenue of approximately RMB2.3 million, represented an increase of approximately 27.8% (2023: RMB1.8 million).

Cost of sales

Cost of sales decreased by approximately 5.1% from approximately RMB403.2 million for the year ended 31 December 2023 to approximately RMB382.5 million for the Year under Review. The decrease in overall cost of sales was mainly due to the decrease in sales volume of the Group's knitted fabrics and innerwear products for the Year under Review.

Gross profit and gross profit margin

Gross profit decreased by approximately RMB1.2 million, or approximately 1.2%, from approximately RMB105.4 million for the year ended 31 December 2023 to approximately RMB104.2 million for the Year under Review. The Group's gross profit margin slightly increased from approximately 20.7% for the year ended 31 December 2023 to approximately 21.4% for the Year under Review.

The gross profit margin increased mainly due to the decrease in unit production cost of the innerwear products. The Group has utilised more knitted fabrics production capacity to support the production of the Group's own innerwear products. The Group controlled the production cost better in the Year under Review, thus the unit production cost decreased.

The gross profit margin of space measurement segment stated low mainly due to the production scale of the segment. As the space measurement segment is still under the stage of research and product development, the production scale of the segment was still minimal in the Year under Review, which resulted the space measurement segment fail to enjoy to economic of scale and led to a relatively higher unit production cost.

The Group's gross profit and gross profit margins by knitted fabrics, innerwear products and space measurements for the Year under Review, with corresponding comparative figures for the year ended 31 December 2023, are as follows:

	Year ended 31 December			
	2024	**2024**	2023	2023
	Gross profit	**Gross profit margins**	Gross profit	Gross profit margins
	RMB'000	**%**	RMB'000	%
	(Audited)		(Audited)	
Knitted fabrics	**4,925**	**4.4**	10,535	7.7
Innerwear products	**98,795**	**26.6**	94,194	25.4
Space measurements	**430**	**18.4**	720	41.1
Total	**104,150**	**21.4**	105,449	20.7

Other income and gains and losses, net

Other income and gains and losses, net amounted to approximately RMB9.5 million (2023: RMB3.9 million) for the Year under Review which were mainly exchange gain and sales of scrap materials. The increase in other income and gains was mainly due to the increase in exchange gain. For the Year under Review, RMB6.6 million of exchange gain was noted (2023: RMB2.4 million).

Selling and distribution expenses

Selling and distribution expenses increased by approximately RMB4.3 million to approximately RMB29.0 million (2023: RMB24.7 million) for the Year under Review. Selling expenses mainly represented the transportation expenses, salaries and commission to the sales staff. Increase in selling expenses was mainly due to the increase in sales commission and extra transportation cost of certain urgent products delivery for the Year under Review.

Administrative expenses

Administrative expenses increased by 3.0% to approximately RMB87.1 million (2023: RMB84.6 million) for the Year under Review. Administrative expenses mainly represented staff salaries and welfare expenses, social insurance, depreciations and research and development expenses. The increase in the administrative expense was mainly due to the increase in staff salaries and welfare expenses. The Group recorded staff salaries and welfare expenses at a total of RMB36.8 million in the Year under Review (2023: RMB33.7 million).

Finance costs

Finance costs increased to approximately RMB10.5 million (2023: RMB5.8 million) for the Year under Review, primarily due to the increase in average borrowing balance during the Year under Review.

Loss before tax

The Group's loss before tax was approximately RMB13.0 million (2023: RMB2.3 million) for the Year under Review primarily due to the decrease in revenue and gross profit as well as the increase in administrative expenses, selling expenses and finance costs. The gross profit decreased from RMB105.4 million for the year ended 31 December 2023 to RMB104.2 million for the Year under Review. The administrative expenses, selling expenses and finance costs increased by RMB2.5 million, RMB4.3 million and RMB4.7 million, respectively to RMB87.1 million, RMB29.0 million and RMB10.5 million, respectively of the Year under Review (2023: RMB84.6 million, RMB24.7 million and RMB5.8 million, respectively).

Income tax expense

Income tax expense maintained at approximately RMB7.3 million (2023: RMB7.4 million) for the Year under Review. The Group's effective tax rate for the Year under Review was approximately negative 56.2%, as compared to approximately negative 318.2% for the year in 2023.

Loss for the year

The Group recorded a loss of RMB20.3 million for the Year under Review as compared with a net loss of approximately RMB9.7 million for the year ended 31 December 2023, which was mainly due to the increase in loss before tax of approximately RMB10.7 million for the Year under Review as mentioned in the above paragraphs.

Inventories

The inventory balances increased to approximately RMB70.3 million as at 31 December 2024 (2023: RMB68.7 million). The inventory level only increased slightly of 2.3% as management actively controls the inventory level of the Group to mitigate the inventory risk.

The average inventory turnover days slightly increased to approximately 66 days (2023: 62 days) for the Year under Review.

Trade and bills receivables

Trade and bills receivables increased to approximately RMB57.6 million (2023: RMB47.3 million) as at 31 December 2024. The increase in trade and bills receivables was mainly due to the Group offered a relatively longer receivables terms to the customer to maintain a good relationship.

The average trade receivables turnover days increased to approximately 39 days (2023: 27 days) for the Year under Review. The trade receivables turnover days still fell within the credit terms granted to the customers of the Group.

Trade and bills payables

Trade and bills payables remained stable at approximately RMB95.9 million (2023: RMB96.5 million) as at 31 December 2024. The average turnover days for trade and bills payables increased to approximately 92 days (2023: 78 days) for the Year under Review which were in line with the trade credit periods given by the suppliers of the Group.

Liquidity and financial resources

The Group's principal sources of working capital included cash flow generated from the sale of its products and bank borrowings. As at 31 December 2024, the Group's current ratio (calculated as current assets divided by current liabilities) was 1.2 (31 December 2023: 1.2). As at 31 December 2024, the Group had cash and cash equivalents of approximately RMB250.6 million (31 December 2023: RMB265.1 million) and short-term loans of approximately RMB167.4 million (31 December 2023: RMB157.4 million). As at 31 December 2024, the Group's gearing ratio (calculated as total debts as at year end divided by total assets for the year x 100%, while debts are defined to include current and non-current interest-bearing borrowings) measured on the basis of total Interest-bearing loans was approximately 27.3%, as compared to approximately 25.4% as at 31 December 2023.

As at 31 December 2024, the Group had fixed rate bank loans and other loan of RMB85.0 million and RMB54.4 million (2023: RMB55.0 million and RMB54.4 million) and variable rate bank loans of approximately RMB28.0 million (2023: RMB48.0 million). The effective interest rate on the Group's fixed rate borrowings was 3.50%-4.80%, and the effective interest rate for the Group's variable rate borrowings was 4.57%-5.00% per annum as at 31 December 2024 (2023: fixed rate: 3.65%-4.80%; variable rates:4.57%-5.00% per annum). During the Year under Review, there was no material change to the Group's funding and treasury policy.

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

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

Interest rate and foreign currency exposure

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

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

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

Contingent liabilities

As at 31 December 2024, the Group had no material contingent liabilities.

Charges on group assets

As at 31 December 2024, the Group's bank loans were secured by the Group's buildings and right-of-use assets of carrying amounts of approximately RMB63.3 million and RMB9.4 million, respectively (31 December 2023: RMB71.3 million and RMB9.7 million, respectively).

HUMAN RESOURCES

As at 31 December 2024, the Group employed approximately 2,400 employees. The total staff costs (including directors' and key managements' emoluments) of the Group for the Year under Review were approximately RMB157.5 million (31 December 2023: RMB150.0 million). Key components of the Group's remuneration packages include basic salary, medical insurance, discretionary cash bonus and retirement benefit scheme. The Group conducts periodic reviews for the employees and their salaries and bonuses are performance related. The Group has neither experienced any significant problems with its employees or disruptions to its operations due to labour disputes, nor has it experienced any difficulties in the recruitment and retention of experienced employees. The Group maintains a good relationship with its employees.

FINAL DIVIDEND

No payment of a final dividend for the Year under Review was recommended by the Board (2023: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS

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

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

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

Youying Group recorded a net loss of approximately RMB9.3 million for the Year under Review, falling short of over RMB59.3 million as compared to the profit guarantee for the year ended 31 December 2024. The non-fulfilment of the profit guarantees was mainly due to the prolonged development and improvement of technology, as well as delays in application integration. Nonetheless, pursuant to the investment agreement, the existing shareholders are not liable to pay any compensation to the Investor for the time being, given such obligation would only arise if Youying Group is unable to fulfill the Average Net Profit. For details regarding the calculation of such compensation, please refer to the Announcements. Going forward, the Company will continue to involve in and monitor the operation of the Youying Group and comply with the relevant disclosure requirements regarding the progress on the fulfilment of the profit guarantee under the Listing Rules.

PROSPECTS

The global economy faced divergence and uncertainty in 2024, with a slowdown in overall growth. The IMF projects that global economic growth in 2025 and 2026 will remain at 3.3%, lower than the historical average level of 3.7% from 2000 to 2019. The economy of the United States is expected to reach a growth rate of 2.7% , driven by recovering consumption and investment support. Meanwhile, the Eurozone, affected by geopolitical instability, trade frictions, and a manufacturing downturn, is projected to expand by only 1.0%. The Japanese economy is expected to rebound to 1.1%, but its growth potential is limited by an aging population and weak demand. In terms of emerging markets, Southeast Asian countries are driven by regional supply chain integration, with an expected economic growth of approximately 4.6%. However, the global economy still faces risks such as escalating geopolitical conflicts, uneven decline in inflation, uncertainty in monetary policy, and intensified trade tensions, which limited medium-term growth prospects. During the same period, the IMF raised China's 2025 GDP growth forecast to 4.6%, expecting China to drive economic growth through measures such as expanding domestic demand, promoting technological innovation, implementing proactive fiscal policies, and deepening structural reforms. However, the United States' proposal to impose additional tariffs on Chinese goods will directly impact exports, investment and consumer confidence, potentially pressuring China's GDP growth over the next four to six quarters and adding uncertainties to the actual economic performance. Nevertheless, the Chinese government has demonstrated its determination to addressing external challenges, stabilizing economic growth momentum and maintaining long-term healthy development.

Looking ahead, the Group will continue to strengthen its high-quality functional fabrics and lingerie business. Leveraging its extensive technical reserve and market advantages, the Group aims to expand its global marketing network and deepen cooperation with internationally renowned brands to capture more market opportunities. Meanwhile, the Group will continue to optimize its fabric product structure, expand into niche segments such as casual lingerie, and actively enhance product quality to meet the increasingly diverse needs of customers. To consolidate its leading position in the international textile market, the Group will continue to streamlining production processes, enforcing strict quality standards, and reducing production costs to improve operational efficiency and market responsiveness.

At the same time, the Group will focus on the field of smart city high-tech infrastructure technology services, and remain committed to providing comprehensive application solutions for intelligent and modern building management. This will be achieved through the independently developed advanced software and hardware technologies by Youying Group, including core products such as high-precision space mapping UAVs and 3D high-precision laser radar measuring robots. The Group aims to establish itself into a "digital space service provider and practitioner of digital China", continuously strengthening technological innovation and exploring more application scenarios to meet market demand. Meanwhile, we will also actively respond to the national "New Infrastructure" strategy, contributing to the development of smart cities and the digital transformation of China's economy. Through continuous efforts, the Group seeks to provide more efficient and precise technical services to its customers while also contributing to smart city construction and digital transformation in China. These initiatives will drive sustainable development and long-term value enhancement for the Group.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. WANG Bin, aged 60, is a representative of the Twelfth National People's Congress of the PRC, a doctoral supervisor and a part-time professor at the Southwestern University of Finance and Economics, as well as a PRC certified public accountant. He received his doctorate degree in economics from Southwestern University of Finance and Economics in June 2003. Mr. Wang Bin had assumed different positions in government authority and state-owned enterprise including the deputy director of State-owned Assets Supervision and Administration Commission of the State Council of Sichuan Province in the PRC and the chairman of Sichuan Development Holdings Co., Ltd.* (四川發展(控股)有限責任公司). Mr. Wang Bin has been serving as the vice chairman of Hainan Haide Industry Co., Ltd (海南海德實業股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (stock code: 000567), since October 2015 and served as general manager concurrently from October 2015 to September 2016.

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

Mr. SHU Dakun, aged 58, graduated from Southwestern University of Finance and Economics, the PRC with a master's degree in business management in June 2005. He obtained fund practitioner qualification from the Securities Association of China in March 2018. He was employed by the Bank of Communications from May 1994 to May 2014, with his position last held as the president of the Heilongjiang branch. From June 2014 to June 2017, he was the chairman of the board of Glory Industrial Investment Fund Management Co., Ltd.* (國辰產業投資基金管理有限責公司). He was the vice president of Sichuan Financial Holding Group Co., Ltd.* (四川金融控股集團有限公司) from July 2017 to August 2021. He has been the chairman of the board of Huasheng Asset Management Co., Ltd.* (華昇資產管理有限公司) since September 2021, an executive director of Hainan Guangxun International Investment Co., Ltd.* (海南廣迅國際投資有限公司) since August 2022 and the chairman of the board of Youying since May 2023.

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

Mr. DU Shuwei, aged 57, graduated from Zhongnan University of Economics in 1990 with a bachelor's degree in economics and graduated from Zhongnan University of Economics and Law with a master's degree in business administration in 2000. He graduated from Huazhong University of Science and Technology with a doctorate degree in management in 2009 and graduated from Université Grenoble Alpes of France with a master's degree in executive business administration in 2012.

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

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

NON-EXECUTIVE DIRECTOR

Mr. ZHANG Yanlin, aged 56, graduated from Zhongnan University of Finance and Economics in July 1990 with a bachelor's degree in economics. He served as the general manager of Shenzhen Hua Sheng Investment Development Co., Ltd. (深圳華晟投資發展有限公司) from July 2002 to October 2004. From August 2002 to November 2004, he held the position of supervisor at MyHome Real Estate Development Group Co., Ltd. (美好置業集團股份有限公司) (previously known as Celebrities Real Estate Development Group Co., Ltd. (名流置業集團股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (stock code: 000667). From November 2004 to June 2008, Mr. Zhang Yanlin had worked as the director and general manager of Nanjing Xinsu Property Co., Ltd.* (南京新蘇置業有限公司), the director of the office of the board of directors at Wintime Investment Holding Co., Ltd.* (永泰投資控股有限公司), and the director, deputy general manager and representative chairman of Xuzhou Wintime Real Estate Development Co., Ltd.* (徐州永泰房地產開發有限公司). Since November 2015, he has been serving as the assistant of the chairman and general manager of the corporate governance department of Wintime Holding. Since 10 August 2016, he has been serving as the chairman and general manager of Shenzhen Wintime Finance Lease Co., Ltd.* (深圳市永泰融資租賃有限公司). Since 17 September 2016, he has been serving as a director and general manager of Wintime Technology Investment Co., Ltd.* (永泰科技投資有限公司).

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. XU Dunkai, aged 73, was previously the president of the Alumni Association of Zhongnan University of Economics and Law, the vice chairman of Higher Financial & Economic Education Branch of China Higher Education Association, and the legal representative of the Education Development Foundation of Zhongnan University of Economics and Law. He graduated from Hubei Institute of Finance and Economics in January 1982 with a bachelor's degree in philosophy. He completed the main courses of master of science in economics in Wuhan University from September 1984 to July 1985. He is the Author of "The History of Enterprise Management Thought in the Period of the Republic of China" (《民國時期企業經營管理思想史》). He organized the compilation of the dictionary of "Financial Dictionary (Second Edition)" (《財經大辭典》(第二版)). He has also led a national social science foundation research project.

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

Ms. ZHAO Weihong, aged 58, is currently the chief medical officer and professor of the First Affiliated Hospital with Nanjing Medical University (also known as Jiangsu Province Hospital). Ms. Zhao graduated from Nanjing Medical University with a bachelor's degree in medicine in 1988, a master degree in medicine in 1999 and a doctorate degree in medicine in 2003.

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

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

Mr. ZHENG Bing, aged 57, graduated from Sichuan Business Administration College* (四川省工商管理學院), the PRC, with a master's degree in business administration in July 2002. He is a Certified Public Valuer and Certified Public Accountant practicing in the PRC. He was employed by the Ministry of Finance* (財政局) of Panzhihua City, Sichuan Province, the PRC from July 1987 to December 1999 with his position last held as director. He was the business director of the southwest office of China United Assets Appraisal Company* (中聯資產評估公司) from January 2000 to September 2006, and has been the chairman and a director of the southwest branch company of China United Assets Appraisal Company* (中聯資產評估公司) since October 2006.

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

SENIOR MANAGEMENT

Mr. LEE Yin Sing, aged 44, is the chief financial officer and company secretary of the Company (the "**Company Secretary**"). Mr. Lee is responsible for overseeing the Group's financial planning and management. Mr. Lee has over 14 years of experience in finance control and accounting through his prior employments. He acquired auditing experience through his prior employment with an audit firm of international repute from 2002 to 2007. He was appointed as an independent non-executive director of Lumina Group Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code: 1162), in September 2017. Prior to joining the Group as its chief financial officer in August 2010, he worked as the financial manager of Proview International Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 334), in 2009 during which he acquired experience in finance control, accounting and company secretarial matters. Mr. Lee graduated from the City University of Hong Kong in 2002 with a bachelor's degree in accounting. He has been a member of the Hong Kong Institute of Certified Public Accountants since 2008.

Mr. WANG Shao Hua, aged 56, has been the general manager and director of Zhucheng Eternal Knitting Company Limited ("**Zhucheng Eternal**"), a subsidiary of the Company, since May 2024 and December 2009, respectively. He has over 24 years of experience in the knitting industry.

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

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

Mr. LIU Xin De, aged 58, is a director of Zhucheng Eternal and Zhucheng Yumin. Mr. Liu is responsible for product management and equipment administration of Zhucheng Yumin Knitting Company Limited. He joined Zhucheng Eternal in March 2001 as merchandiser and was promoted as an office manager in June 2003. Mr. Liu obtained his bachelor's degree in national economic management from Shandong University (山東大學) in July 1989.

Ms. JI Tai Mei, aged 55, is the deputy general manager in charge of product management of Zhucheng Eternal. Prior to her appointment as the deputy general manager in April 2010, she served as the head of product planning department and concurrently as the assistant of general manager of Zhucheng Eternal from June 2004 until April 2010. Prior to joining the Group, she worked for Shandong Lanfeng Knitting Group Co. Ltd. (山東蘭鳳針織集團) from September 1989 to May 2004 and assumed the position of manager of the garment workshop from July 1999. Ms. Ji obtained her junior college degree in accounting from Shandong TV University (山東廣播電視大學) in July 1994.

Ms. ZHOU Li, aged 52, is the deputy general manager of Zhucheng Eternal. Prior to her appointment as the deputy general manager in April 2010, she served as the sales manager of Zhucheng Eternal since December 2005 and was also appointed as assistant of general manager of Zhucheng Eternal on 15 August 2007. Before her engagement with the Group, she worked for Shandong Lanfeng Knitting Group Co. Ltd. (山東蘭鳳針織集團) from August 1992 to October 2005 and was the deputy general manager of import and export department before she left the same. Ms. Zhou graduated from Shandong Textile Industry School (山東省紡織工業學校) and obtained her degree of secondary vocational school diploma in textile in July 1992. She also obtained junior college degree in economic management (經濟管理大學專科) after completing the 3-year distance learning course from Shandong Cadres Correspondence College (山東省幹部函授大學) in June 1996.

Mr. CAI Yingjie, aged 60, is one of the founders, the president and the chief technology officer of the Youying Group, and is primarily responsible for the overall operations and management, and market and technology development of the Target Group. He has over 20 years of experience in the mobile and radar industry and business management. Prior to founding the Youying Group in December 2011, Mr. Cai worked at various telecommunication companies in the PRC where he was responsible for operation, management, and research and development of technologies and products. Mr. Cai received a doctorate degree in signal and message processing from the University of Electronic Science and Technology of China.

Mr. HONG Hao, aged 57, is one of the founders, a vice president and the chief operating officer of the Youying Group, and he is primarily responsible for overseeing the daily operations and product strategy of the Target Group. He has over 30 years of experience in the electronic industry and business management. Prior to founding the Youying Group in December 2011, Mr. Hong worked at various companies in the PRC that is engaged in the electronic industry where he was responsible for overall operation, market development, and customer development.

Mr. GUO Xiaolei, aged 36, is a vice president of the Youying Group, and he is primarily responsible for the overall business operations of the Target Group. He has over six years of experience in the BIM industry and business management. Prior to joining the Youying Group, from November 2016 to October 2022, he was the founder and the chief executive officer of each of Jiangsu Flounder Digital Technology Co., Ltd.* (江蘇比目魚數字科技有限公司) and Shenzhen Flounder Square Technology Co., Ltd.* (深圳比目魚平方科技有限公司), both of which are primarily engaged in the provision of BIM services in the PRC. He received a bachelor's degree and master's degree in psychology from the University of California, Berkeley.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CONTENTS

ABOUT THIS REPORT

This Environmental, Social and Governance ("**ESG**") Report (this "**Report**") serves as a review on the efforts and achievements made by Greatime International Holdings Limited and its subsidiaries (the "Company", together with its subsidiaries as the "**Group**") for its sustainability issues in 2024. This Report discloses the Group's policies and practices pertinent to sustainable development. As a platform for communication and to facilitate understanding with the Group's stakeholders, this Report also contains information on actions taken in response to the major expectations and concerns of stakeholders. This Report is to be read in conjunction with the Corporate Governance Report in the Company's 2024 Annual Report.

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

Reporting Boundary

This Report covers the Group's sustainability-related issues, as well as correlated policies, measures, and activities under the control of the Group. This Report covers the period from 1 January 2024 to 31 December 2024 (the "**Reporting Period**"). The entities covered in this Report mainly include the subsidiaries in Hong Kong, the People's Republic of China ("**PRC**") and the Republic of the Union of Myanmar ("**Myanmar**"). The physical boundary includes offices in the PRC and the factories in the PRC and Myanmar.

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

Basis of Preparation

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

- Materiality: After the Group has conducted materiality assessment and collected stakeholders' feedback, the importance levels of each sustainable development issue to the Group and stakeholders in 2024 were assessed, thus serving as the disclosure focus of this Report.

- Quantitative: The Group optimised the environmental and social data collection tools during the Reporting Period. Quantitative information along with the methodologies used are disclosed to reflect the Group's performance, demonstrating the Group's commitment to managing the environmental and social performance. In order to present the Group's performance changes over the years, this Report also presents some historical data of the Group.

- Balance: The Report provides an unbiased picture of the Group's performance during the Reporting Period to avoid the selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.

- Consistency: The methodologies used in this Report are generally consistent with those used in previous years. Where there are changes in relevant factors such as methodologies or key performance indicators, they are indicated in relevant sections.

Publication of this Report

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

Feedback to this Report

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

ESG MANAGEMENT

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

ESG Management Structure

The Board recognises its responsibility to oversee ESG issues, which are as important as other corporate issues. The Group has established an ESG working group, aiming to assist the Board to manage ESG issues.

ESG Management Structure

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

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

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

ESG Risk Identification and Management

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

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

Stakeholder Engagement

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

Table 1 Expectations of Major Stakeholders and the Channels of Communication

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

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

Materiality Assessment

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

Identifying the pool of ESG issues

The Group has updated its pool of potential ESG issues for the Reporting Period based on the *ESG Guide*, issues of concern to peer companies, SASB[1] standard and material ESG issues from MSCI ESG ratings. The pool included 26 issues in total, of which 12 are environmental and 14 are social issues.

Conducting stakeholder questionnaire

The Group invited internal and external stakeholders to participate in the survey to prioritise the potential ESG material issues. The Group received a total of 764 responses from shareholders, management, employees, customers and suppliers. Internal stakeholders ranked ESG issues based on their "importance to the Group", while external stakeholders ranked them based on "importance to the stakeholders".

Analysing the questionnaire results

After collecting the responses, the Group launched an analysis of the questionnaire results. The analysis was conducted on two dimensions – "importance to the Group" and "importance to the stakeholders", resulting in the identification of a total of 14 ESG material issues, including 6 environmental and 8 social issues.

Reviewing and validating materiality assessment results

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

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

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

1. Product Responsibility
2. Discharge and Management
3. Customer Privacy Management
4. Labour Standards
5. Energy Usage and Efficiency
6. Water Usage and Efficiency
7. Environmental Compliance
8. Employment and Welfare
9. Chemical Usage and Management
10. Supply Chain Management
11. Employee Development and Training
12. Waste
13. Health and Safety
14. Green Raw Material Use and Improved Efficiency of Raw Material Use
15. Women Working Conditions and Discrimination
16. Corporate Governance and Risk Management
17. Procurement
18. Anti-Corruption
19. Adopting Climate Change
20. Development of Sustainable Product
21. Use of Packaging Materials
22. Intellectual Property Rights
23. Ecosystems and Biodiversity
24. Product Carbon Footprint
25. Employee Engagement, Diversity and Inclusivity
26. Community Involvement and Contribution

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

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

Table 2 The Material Issues Identified and their Descriptions

Material Issues (in descending order of materiality)	Brief Descriptions of the Issues for Communication with Survey Respondents	Section of the Report Responding to the Issue
Product Responsibility	The management relating to the privacy matter of customers, advertising, labelling, intellectual property rights etc.	Responsible Operation-Product Responsibility
Discharge and Management	The management of emissions from production operations such as exhaust gases, greenhouse gases, waste, and sewage	Responsible for Environment – Environmental Impacts
Customer Privacy Management	Measures taken to protect customer privacy	Responsible Operation – Quality Service
Labour Standards	The management relating to child labour and forced labour	Responsible for Employment – Employment and Labour Standards
Energy Usage and Efficiency	The rational use of energy, such as electricity and fuel, and energy conservation in the course of business operations, including the establishment of energy efficiency targets, management measures and results	Responsible for Environment – Conserving Resources
Water Usage and Efficiency	Rational use of water resources in production and operation, water conservation, including the establishment of objectives, measures, and effectiveness of water resources application	Responsible for Environment – Conserving Resources
Environmental Compliance	Development and implementation of environmental systems to enable operations to comply with environmental related policies and regulations	Responsible for Environment – Environmental Impacts
Employment and Welfare	The management relating to the compensation and dismissal, recruitment, and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, etc.	Responsible for Employment – Employment and Labour Standards

Material Issues (in descending order of materiality)	Brief Descriptions of the Issues for Communication with Survey Respondents	Section of the Report Responding to the Issue
Chemical Usage and Management	Rational use and management of chemicals in production operations	Responsible Operation – Product Responsibility
Supply Chain Management	Selection and assessment of qualified suppliers, identification, assessment and management of environmental and social risks in the value chain, etc.	Responsible Operation – Supply Chain Management
Employee Development and Training	Providing occupational training and guidance to employees	Responsible for Employment – Employment and Labour Standards
Waste	Adopting appropriate emission reduction and management measures for waste generated in production and operation, including the establishment of waste emission targets, scientific treatment, classification and recycling of waste	Responsible for Environment – Environmental Impacts
Health and Safety	Ensuring the safety of employees' working environment, avoiding occupational hazards, etc.	Responsible for Employment – Employment and Labour Standards
Women Working Conditions and Discrimination	Appropriate compliance management and consideration measures taken for the employment, working environment, and anti-discrimination of female employees	Responsible for Employment – Employment and Labour Standards

RESPONSIBLE OPERATION

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

The material issues – "Product Responsibility", "Customer Privacy Management", "Chemical Usage and Management" and "Supply Chain Management" are responded in this section.

Product Responsibility

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

Product Health and Safety

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

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

白名单资质证书

WHITELIST QUALIFICATION

证书编号（No.）： CNTAC0000974

兹证明

This is to certify that the management of textile Security in

诸城裕民针织有限公司

Zhucheng Yumin Knitting Co.,Ltd.

地址：山东省诸城市辛兴镇新兴路 7415 号

Address: Xinxing Road7415,Xinxing Town Zhucheng City, Shandong Province

纺织品安全管理符合白名单管理体系要求，其产品符合GB18401-2010对禁用芳香胺物质的限量规定，取得白名单资质。

is in compliance with the criteria of WHITELIST Management System according to GB18401-2010 for concentration limits of prohibited aromatic amine.

发证日期： 2023 年 9 月 15 日 证书有效期至： 2024 年 9 月 15 日

DATE OF ISSUE: Sep.15, 2023 DATE OF EXPIRY: Sep.15, 2024

发证机构：中国纺织工业联合会

ISSUING ORGANIZATION: China National Textile & Apparel Council（CNTAC）

网址（Website）： [illegible]

Quality Control

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

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

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

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

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

Intellectual Property Protection

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

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

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

Quality Service

Customer Privacy Management

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

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

Complaint Processing and Product Recall

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

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

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

Supply Chain Management

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

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

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

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

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

Anti-corruption

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

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

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

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

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

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

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

RESPONSIBLE FOR ENVIRONMENT

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

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

Environmental Policy

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

According to EOMF, the Group strives to

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

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

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

Environmental Impacts

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

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

Air Emissions

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

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

During the Reporting Period, the total GHG emissions of the Group is 22,706.56 tCO2e. Direct emissions (Scope 1) were from the consumption of natural gas for domestic use, the consumption of petrol, diesel, and refrigerants. Indirect emissions (Scope 2) were from the use of purchased electricity and steam.

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

Wastewater

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

- Integrated wastewater treatment facilities are set up to collect and treat wastewater through a series of processes including deep sedimentation, biological contact oxidation, advanced Fenton oxidation processes and others.

- Real-time monitoring is in place via online detection devices installed at the wastewater outfalls, and the monitoring is connected to the environmental protection authorities.

Hazardous and Non-Hazardous Wastes

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

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

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

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

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

Noise

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

Conserving Resources

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

Water Consumption

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

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

Energy Consumption

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

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

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

The Group has installed solar photovoltaic for power generation, which has been put in use in the Reporting Period. During the Reporting Period, the power generated from solar photovoltaic facilities was 2,422,004 kWh, which increased by 33.61% compared to the number in 2023.

Packaging Materials

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

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

Addressing Climate Change

As a responsible company, the Group is deeply aware of the impact of climate change on the sustainable development of economies and societies. In line with the Group's green and low-carbon development strategy, the Group reviewed the climate risk inventory and conducted the climate risk assessment during the Reporting Period. The results of the questionnaire show that the Group did not identify any material climate risk during the Reporting Period.

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

The following table lists four extreme weather risks that may affect the Group's operations, as well as their impact and response strategies established.

Table 3 Extreme Weather Risks and Response Strategies

Extreme weather	Effects	Response Strategies
Heavy snow, freezing and low-temperature weather	• Seriously affect the normal outdoor work, and prone to operational errors that lead to safety issues • Prone to freezing and cracking of water pipes and heating pipes • Icy roads may easily lead to traffic accidents	• Stop outdoor work • Clear snow from the plant • Set up anti-slip device • Maintain and repair equipment
Windy or sandy weather	Pose a risk to safe use of electricity	• Close the plant doors and windows in advance • Check all kinds of electrical lines after the windy and sandy weather
High temperature	• Outdoor personnel are prone to problems such as heatstroke • Great potential safety hazardous in the storage, handling and use of inflammables and explosives • Wires are prone to age • Easy to cause fire accidents	• Reasonably arrange working hours during hot weather to avoid hot periods for outdoor work • Distribute the articles for heatstroke prevention to outdoor workers • Sunshade measure for outdoor devices and power distribution box • Regular inspect and replace the fire-fighting facilities • Strictly use and manage the inflammables
Heavy and continuous rainfall	• Seriously disrupt outdoor work • Lead to problems with moisture in equipment, power lines and materials	• Ensure good drainage • Regularly check electricity lines • Arrange electricians to be on duty on site for inspection

RESPONSIBLE FOR EMPLOYMENT

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

The material issues – "Labour Standards", "Employment and Welfare", "Employment Development and Training", "Health and Safety" and "Women Working Conditions and Discrimination" are responded in this section.

Employment and Labour Standards

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

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

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

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

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

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

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

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

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

Furthermore, the Group also attaches great importance to the working environment and well-being of female employees. During the Reporting Period, the Group provided gifts to female employees on International Working Women's Day.

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

Health and Safety

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

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

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

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

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

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

Fire safety education

Fire evacuation and escape drill

Fire-fighting equipment operation training and drills

Fire-fighting equipment operation training and drills

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

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

There were no work-related fatalities in the past three years (including the Reporting Period). During the Reporting Period, the number of lost days due to work injury were 238.5 days. During the Reporting Period, the Group was not subject to any punishment by the government or and not involved in any lawsuit and there were no cases of fatality. For more details on the Group's compliance with relevant laws and regulations, please refer to Appendix 1 of this Report.

Development and Training

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

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

Table 4 2024 Training Plan

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

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

Table 5 The Targeted Party and Corresponding Areas of Training

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

RESPONSIBLE ENTERPRISE

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

During the Reporting Period, the Group donated around RMB 48,350 for Children's Day celebration and other community activities.

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

The Laws[2] and Regulations Corresponding to the Aspects in the *ESG Guide*

Aspect A1: Emission

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

Myanmar
- *Environmental Conservation Law*

Aspect B1: Employment

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

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

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

The Laws[2] and Regulations Corresponding to the Aspects in the *ESG Guide*

Aspect B2: Health and Safety

PRC

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

Aspect B4: Labour Standards

PRC

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

Aspect B6: Product Responsibility

PRC

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

Aspect B7: Anti-corruption

PRC

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

Myanmar

- *Anti-corruption Law*

APPENDIX 2 PERFORMANCE DATA

Environmental Performance

Air Emissions

Air emissions[3]		Unit	2024	2023	2022
Sulphur oxides (SO_X)	Amount	Kg	**1.26**	1.61	1.20
Nitrogen oxides (NO_X)	Amount	Kg	**1,048.77**	1,418.76	1,290.36
Particulate matter (PM)	Amount	Kg	**18.56**	41.15	41.87

GHG Emissions

GHG emissions		Unit	2024	2023	2022
Scope 1 Direct emissions[4]	Amount	Tonnes CO_2e	**247.37**	614.11	590.62
	Intensity[5]	Tonnes CO_2e per RMB million revenue	**0.51**	1.21	1.26
Scope 2 Indirect emissions[6]	Amount	Tonnes CO_2	**22,459.19**	22,844.59	21,927.78
	Intensity	Tonnes CO_2 per RMB million revenue	**46.15**	44.91	46.75

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

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

5 The environmental intensity is calculated based on the Group's revenue. The Group's revenue for 2024 is RMB 486.697 million.

6 The scope 2 GHG emissions reported includes the electricity and steam consumed in the PRC and the electricity consumed in Myanmar. The calculation of the GHG emission from purchased steam is based on the *Reporting Guidance on Greenhouse Gas Emissions for Other Industrial Enterprises (Trial)* by the National Development and Reform Commission of the PRC. The estimation of scope 2 emissions for purchased electricity in China in 2024 is based on the emission factors from the *Notice on the Preparation of the Greenhouse Gas Emission Reporting and Management Work for Electricity Generation Industry in 2023-2025* issued by the Ministry of Ecology and Environment of the PRC. The scope 2 emissions for purchased electricity in Myanmar is estimated according to the *GHG Protocol tool for Stationary Combustion* published by World Resources Institute.

Wastewater

		Unit	2024	2023	2022
Amount of discharged wastewater		Tonnes	**511,283**	443,067	605,427
Contaminants in wastewater	Average COD concentration[7]	mg/L	**93.8**	70	54.7
	Average ammonia nitrogen concentration[8]	mg/L	**2.28**	4.17	3.05

Hazardous and Non-Hazardous Wastes

	Unit	2024	2023	2022
Hazardous waste				
Sludge	Tonnes	**182.67**	201.00	165.00
Inner packaging bags for dyeing auxiliaries	Tonnes	**0.04**	0.03	0.02
Total amount of hazardous waste generated	Tonnes	**182.71**	201.03	165.02
Intensity of total hazardous waste generated	Tonnes per RMB million revenue	**0.38**	0.40	0.35
Non-hazardous waste				
Waste paper[9]	Tonnes	**3.32**	3.19	2.88
Domestic waste	Tonnes	**11.4**	12.45	10.35
Total amount of non-hazardous waste generated	Tonnes	**14.72**	15.64	13.23
Intensity of total non-hazardous waste generated	Tonnes per RMB million revenue	**0.03**	0.03	0.03

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

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

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

Energy Consumption

Energy consumption	Unit	2024	2023	2022
Direct energy consumption				
Gasoline[10]	MWh	**342.37**	410.12	261.19
Diesel[10]	MWh	**421.09**	563.83	471.79
Natural gas[11]	MWh	**243.62**	227.49	166.98
Total consumption of direct energy	MWh	**1,007.07**	1,201.45	899.96
Intensity of total consumption of direct energy	MWh per RMB million revenue	**2.07**	2.36	1.92
Indirect energy consumption				
Electricity	MWh	**9,121.43**	9,553.00	9,287.78
Steam[12]	MWh	**44,724.63**	44,438.81	42,392.74
Total consumption of indirect energy	MWh	**53,846.06**	53,991.80	51,680.53
Intensity of total consumption of indirect energy	MWh per RMB million revenue	**110.64**	106.15	110.18

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

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

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

Water Consumption

		Unit	2024	2023	2022
Fresh water consumption[13]	Amount	Tonnes	**570,175**	463,081	383,274
	Intensity	Tonnes per million RMB revenue	**1,172.52**	910.46	817.14

Social Performance

Number and Turnover Rate[14] of Employees

		Workforce	Turnover rate
By gender	Male	453	33%
	Female	1,728	33%
By employment type	Full-time	1,970	–
	Part-time	211	–
By age group	30 or below	803	48%
	31 – 40	666	22%
	41 – 50	494	18%
	51 or above	218	19%
By geographical region	PRC	1,370	19%
	Myanmar	811	48%

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

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

The Employees Trained

		Number of employees trained	Percentage of employees trained[15]
By gender	Male	263	17.81%
	Female	1,214	82.19%
By employee category	Senior management	5	0.34%
	Middle management	49	3.32%
	General employee	1,423	96.34%

Total Training hours and Average Training Hours per Employee

		Total training hours	Average training hours per employee
By gender	Male	1,390	3.07
	Female	9,223	5.34
By employee category	Senior management	44	4.89
	Middle management	447	7.09
	General employee	10,122	4.80

Number of Suppliers by Geographical Region

Geographical Regions		Numbers of Suppliers Raw material suppliers	 Packaging material suppliers	Total
Mainland China	Shandong Province	116	135	251
	Jiangsu Province	45	16	61
	Zhejiang Province	12	18	30
	Guangdong Province	1	14	15
	Shanghai	12	25	37
	Other places in Mainland China	10	11	21
Myanmar		27	12	39
Hong Kong		1	1	2
Japan		2	6	8

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

APPENDIX 3 ESG GUIDE CONTENTS INDEX

Mandatory Disclosure Requirements	Subject Areas, Aspects, General Disclosures and KPIs	Section/Reasons for Omissions
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	ESG Management
Reporting Principles	A description of, or an explanation on, the application of the Reporting Principles in the preparation of the ESG report	Basis of Preparation
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change	Reporting Boundary

Subject Areas, Aspects, General Disclosures and KPIs		
A. Environment	**"Comply or explain" Provisions**	**Section/Reasons for Omissions**
Aspect A1: Emission	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	Appendix 1 Environmental Policy
	KPI A1.1 The types of emissions and respective emissions data.	Appendix 2 Environmental performance
	KPI A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix 2 Environmental performance
	KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix 2 Environmental performance
	KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix 2 Environmental performance
	KPI A1.5 Description of emissions target(s) set and steps taken to achieve them.	Environmental Impacts
	KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Impacts

Subject Areas, Aspects, General Disclosures and KPIs			
A. Environment	**"Comply or explain" Provisions**		**Section/Reasons for Omissions**
Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.		Conserving Resources
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Appendix 2 Environmental performance
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix 2 Environmental performance
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Conserving Resources
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Conserving Resources
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Conserving Resources
Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.		Responsible for Environment
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	
Aspect A4: Climate Change	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.		Addressing Climate Change
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	

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

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

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

B. Social	Subject Areas, Aspects, General Disclosures and KPIs "Comply or explain" Provisions	Section/Reasons for Omissions
Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling, and privacy matters relating to products and services provided and methods of redress.	Appendix 1 Product Responsibility
	KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	
	KPI B6.2 Number of products and service related complaints received and how they are dealt with.	
	KPI B6.3 Description of practices relating to observing and protecting intellectual property rights.	
	KPI B6.4 Description of quality assurance process and recall procedures.	
	KPI B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	

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

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board is pleased to present this report in the Group's annual report for the year ended 31 December 2024.

The Company places high value on its corporate governance practice and the Board firmly believes that a good corporate governance practice can improve accountability and transparency for the benefit of its Shareholders. The Company has adopted the code provisions (the "**Code Provision(s)**") and certain recommended best practices contained in the Corporate Governance Code (the "**CG Code**"), as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), as the code of the Company. The Board also reviews and monitors the practices of the Company from time to time with an aim to maintaining and improving high standards of corporate governance practices. During the year ended 31 December 2024, the Company has complied with the Code Provisions set out in the CG Code.

BOARD

Responsibilities

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

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

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

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

Composition

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

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

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

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

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

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

The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

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

During the year ended 31 December 2024 and up to the date of this report, the Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

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

The non-executive Director, namely Mr. Zhang Yanlin entered a service contract with the Company for an initial term of three years commencing from 12 October 2016, which shall be renewed and extended automatically by three years on the expiry of such initial term or at any time thereafter. The independent non-executive Directors, namely Mr. Xu Dunkai, Ms. Zhao Waihong and Mr. Zheng Bing, entered a service contract with the Company for an initial term of three years commencing from 12 October 2016, 30 September 2020 and 1 August 2023, respectively. The non-executive Directors and the independent non-executive Directors are also subject to retirement from office by rotation and is eligible for re-election in accordance with the provisions of the Company's articles of association. At every annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from office. As such, the Company considers that such provisions are sufficient to meet the underlying objectives of the relevant provisions of the CG Code.

Training for Directors

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

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

According to the records maintained by the Company, all the Directors received trainings in the form of reading written materials and/or attending seminars with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the Code Provisions on continuous professional development during the year ended 31 December 2024.

Board meetings

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

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

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

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

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

Practices and conduct of meetings

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

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

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

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

Directors and officers liability insurance

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

Corporate governance functions

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

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to review and monitor the Company's policies and practices to ensure compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(e) to review the Company's compliance with the Code Provisions and its disclosure requirements in the Corporate Governance Report.

The work performed by the Board on corporate governance functions during the year ended 31 December 2024 included developing and reviewing the Company's policies on corporate governance and making recommendations.

Model Code for Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding dealings in the securities of the Company by the Directors and the Company's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company's securities. The Company confirms that, having made specific enquiry of all the Directors, the Directors have complied with the required standards as set out in the Model Code during the year ended 31 December 2024. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Company during the year ended 31 December 2024.

BOARD COMMITTEES

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

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

The individual attendance records of each Director at the meetings of the Board, Audit Committee, Remuneration Committee, Nomination Committee and general meeting during the year ended 31 December 2024 are set out below:

	Number of meetings attended/held				
	Board	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Annual General Meeting**
Executive Directors					
Mr. Wang Bin	4/4	–	–	2/2	1/1
Mr. Du Shuwei	4/4	–	–	–	1/1
Mr. Shu Dakun	4/4	–	2/2	–	1/1
Non-executive Director					
Mr. Zhang Yanlin	4/4	–	–	–	1/1
Independent non-executive Directors					
Mr. Xu Dun Kai	4/4	4/4	2/2	2/2	1/1
Ms. Zhao Weihong	4/4	4/4	–	3/3	1/1
Mr. Zheng Bing	4/4	4/4	2/2	2/2	1/1

Audit Committee

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

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

The Group's audited financial statements and annual report for the year ended 31 December 2024 had been reviewed by the Audit Committee, which was of the opinion that the preparation of such statements and report complied with the applicable accounting standards and requirements and that adequate disclosure had been made.

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

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

The Audit Committee met two times during the year ended 31 December 2024, in which the Audit Committee members reviewed the Company's internal controls and risk management process, financial reporting and compliance procedures and financial results and reports and assessed the external auditors for re-appointment. The Audit Committee meeting was attended by the Audit Committee members, the chief financial officer and the external auditors. The attendance record of each member of the Audit Committee is set out in the section headed "Board Committees" alone.

Remuneration Committee

The Remuneration Committee comprises two independent non-executive Directors, namely Mr. Xu Dunkai and Mr. Zheng Bing, and one executive Director, Mr. Shu Dakun. The Remuneration Committee is chaired by Mr. Xu Dunkai. The Remuneration Committee is responsible for, among other functions, making recommendations to the Board on the policy and structure for all remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; determining the specific remuneration packages of all the executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and making recommendations to the Board of the remuneration of the non-executive Directors; reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time; and reviewing and/or approving matters relating to share schemes under Chapter17 of the Listing Rules.

The Remuneration Committee met two times during the year ended 31 December 2024, in which the Remuneration Committee members reviewed the existing remuneration policy and structure of the Company and the remuneration packages and discretionary bonus of the Directors and senior management for 2024 and made recommendations to the Board to approve the proposals on the fees of the independent non-executive Directors. The attendance record of each member of the Remuneration Committee is set out in section headed “Board Committees”.

For the year ended 31 December 2024, the remuneration of the senior management (excluding Directors) is listed as below by band:

Band of remuneration	**No. of persons**
Below RMB500,000	7
RMB500,001 to RMB1,000,000	6
RMB1,000,001 to above	3

Further details of the remuneration of Directors and five highest paid employees have been set out in notes 11 and 12 to the consolidated financial statements.

Nomination Committee

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

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

During the year ended 31 December 2024, two meetings were held by the Nomination Committee. The major work performed by the Nomination Committee during the year included reviewing the Nomination Committee’s terms of reference, proposing appointment of Directors, reviewing the policy relating to term of appointment of the independent non-executive Directors, and recommending to the Board for approval of the continuation of the independent non-executive Directors’ term of appointment. The attendance record of each member of the Nomination Committee is set out in the section headed “Board Committees”.

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

Selection Criteria

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

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

Nomination Process

(a) Appointment of New Director

(i) The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, redesignation, referral by other member of the management and external recruitment agents.

(ii) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

(iii) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

(iv) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

(v) For any person that is nominated by a Shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

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

(b) Re-election of Director at General Meeting

(i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board.

(ii) The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above.

(iii) The Nomination Committee and/or the Board should then make recommendation to Shareholders in respect of the proposed re-election of director at the general meeting.

Company Secretary

The Company Secretary, namely Mr. Lee Yin Sing, is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. The Company Secretary reports to the chairman of the Board and is responsible for advising the Board on governance matters. The Company Secretary has confirmed that he has taken no less than 15 hours of relevant professional training during the year ended 31 December 2024. The details of the Company Secretary are set out under the section headed "Biographies of Directors and Senior Management" of this annual report.

Workforce diversity

As at 31 December 2024, the Group had a total workforce of 2,181 employees, of which 20.8% (453) are males, and 79.2% (1,728) are females.

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

RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

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

The Board is responsible for presenting a clear and balanced view of the Company's annual and interim reports, inside information announcements, disclosures required under the Listing Rules, and other regulatory requirements. The Directors acknowledge their responsibility for preparing the consolidated financial statements for the year ended 31 December 2024.

AUDITORS' REMUNERATION

During the Year under Review, the remuneration paid/payable to the external auditors of the Company in respect of statutory audit service and agreed-upon procedures were approximately RMB924,000 and RMB231,000, respectively.

RISK MANAGEMENT AND INTERNAL CONTROL

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

Processes used to identify, evaluate and manage significant risks

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

Risk Identification

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

Risk Assessment

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

Risk Response

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

Risk Monitoring and Reporting

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

Main features of the risk management and internal control systems

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

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

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

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

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

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

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

The Board has engaged APAC Compliance Consultancy and Internal Control Services Limited as its risk management and internal control review adviser (the "**IC Adviser**") to conduct the annual review of the risk management and internal control systems for the year ended 31 December 2024. Such review is conducted annually and cycles reviewed are under rotation basis. The scope of review was previously determined and approved by the Board. The IC Adviser has reported findings and areas for improvement to the Audit Committee and management. The Audit Committee are of the view that there are no material internal control defeats noted. All recommendations from the IC Adviser are properly followed up by the Group to ensure that they are implemented within a reasonable period of time. The Board therefore considered that the risk management and internal control systems are effective and adequate.

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

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

COMMUNICATIONS WITH SHAREHOLDERS

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

Shareholders' Rights

Convening an extraordinary general meeting

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

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

Putting enquiries to the Board

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

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

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

Putting forward proposals at Shareholders' meeting

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

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

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

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

Hotline no.:	2818 1982
By post:	Room 4408, 44/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong

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

CONSTITUTIONAL DOCUMENTS

The Company's articles of association are available on the websites of the Company and the Stock Exchange. During the year ended 31 December 2024, there is no change in the Company's constitutional documents.

REPORT OF THE DIRECTORS

The Directors are pleased to present the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2024.

CORPORATE INFORMATION

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

PRINCIPAL ACTIVITIES

The principal activities of the Group are manufacturing of knitted fabrics and innerwear. Details of the principal activities of the Company's principal subsidiaries are set out in note 45 to the consolidated financial statements.

BUSINESS REVIEW

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

PERMITTED INDEMNITY

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

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

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2024 and its state of affairs as at that date are set out in the consolidated financial statements on pages 94 to 101.

No interim dividend was paid during the year. The Directors did not recommend payment of a final dividend for the year ended 31 December 2024.

DIVIDEND POLICY

On 23 January 2020, the Board has approved and adopted a dividend policy that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements, future business growth and its shareholding value.

FINANCIAL SUMMARY

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

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL AND SHARE OPTION SCHEME

Details of the movements in the Company's share capital during the year are set out in note 32 to the consolidated financial statements.

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

RESERVES

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

DISTRIBUTABLE RESERVES

At 31 December 2024, the Company's reserves available for distribution amounted to Nil (as at 31 December 2023: Nil).

DIRECTORS

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

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

Non-executive Director
Mr. Zhang Yanlin

Independent non-executive Directors
Mr. Xu Dunkai
Ms. Zhao Weihong
Mr. Zheng Bing

In accordance with Article 14.2 and Article 14.18 of the Company's articles of association, Mr. Du Shuwei, Mr. Xu Dunkai and Ms. Zhao Weihong will retire and being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

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

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out on pages 18 to 22 of this annual report.

DIRECTORS' SERVICE CONTRACTS

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

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

DIRECTORS' REMUNERATION

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

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

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

As at 31 December 2024, the Directors and the chief executive of the Company did not have any interests and short positions in the Company's shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO, as recorded in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, the Company, its parent company, or any of its subsidiaries or fellow subsidiaries did not, at any time during the year ended 31 December 2024 and up to the date of this annual report, enter into any arrangements, which would enable the Directors, their respective spouses or any of their minor children, to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, and neither the Directors, their respective spouses nor their minor children, had been granted any rights or exercised such rights to subscribe for securities of the Company.

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

So far as the Directors are aware of as at 31 December 2024, the following persons/entities other than a Director or the chief executive of the Company had interests or short positions in the Shares and underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the issued voting shares of the Company or any other members of the Group:

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

Note:

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

Save as disclosed above, as at 31 December 2024, the Directors were not aware of any persons who/entities which had any interest or short position in the securities in the Company that would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the Register required to be kept under section 336 of the SFO.

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions undertaken in the usual course of business are set out in note 41 to the consolidated financial statements. None of these related party transactions constitutes a connected transaction as defined under the Listing Rules that is required to be disclosed.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As at 31 December 2024, none of the Directors and their respective close associates had any interests in any business, apart from the business of the Group, which competes or likely to compete (either directly or indirectly) with the business of the Group.

NON-COMPETITION UNDERTAKING BY CONTROLLING SHAREHOLDERS

The Company has received annual confirmations from the controlling shareholders, Junfun Investment Limited, in respect of their compliance with the non-competition undertaking provided in favour of the Company. The independent non-executive Directors have reviewed the said undertaking and are of the view that Junfun Investment Limited has complied with the non-competition undertaking during the year ended 31 December 2024.

MANAGEMENT CONTRACTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2024.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and to 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 annual report.

MAJOR SUPPLIERS AND CUSTOMERS

In the Year under Review, the Group's largest supplier accounted for 5.8% (2023: 6.7%) of the Group's total purchases. The Group's five largest suppliers accounted for 16.9% (2023: 17.6%) of the Group's total purchases.

In the year under review, the Group's sales to its five largest customers accounted for 53.2% (2023: 46.5%) of the Group's total sales. The Group's largest customer accounted for 13.7% (2023: 11.2%) of the Group's total sales.

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

Key relationship with the customers and suppliers

(a) Customers

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

(b) Suppliers

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

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

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

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

The Audit Committee has reviewed the Company's internal controls and risk management process, financial reporting and compliance procedures and financial results and reports, including review of the audited consolidated financial statements of the Group for the year ended 31 December 2024. The consolidated financial statements for the year ended 31 December 2024 have been audited by the Company's external auditors, SHINEWING (HK) CPA Limited.

CORPORATE GOVERNANCE

The Company has published its corporate governance report, which is set out on pages 67 to 79 of this annual report.

AUDITOR

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

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

On behalf of the Board

Wang Bin
Chairman

Hong Kong, 31 March 2025

INDEPENDENT AUDITOR'S REPORT

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

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

TO THE SHAREHOLDERS OF GREATIME INTERNATIONAL HOLDINGS LIMITED
(Incorporated in the British Virgin Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Greatime International Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") set out on pages 94 to 200, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") 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**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional 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 of trade receivables

Refer to note 22 to the consolidated financial statements and the accounting policies on pages 122 to 126.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2024, the Group has trade receivables of approximately RMB57,591,000, net of loss allowance of approximately RMB8,004,000. We have identified impairment of trade receivables as a key audit matter due to its significance to the consolidated financial statements and the measurement of expected credit loss involves the Group's significant degree of judgment and a number of assumptions are applied to develop the expected credit losses ("**ECL**") models for calculating the impairment provision.	Our procedures were designed to review management's assessment on the ECL model on trade receivables. We have reviewed and assessed the application of the Group's policy for calculating the ECL. We have evaluated the methodologies and inputs used to estimate the impairment of trade receivables and evaluated the appropriateness of techniques and methodology in the ECL model against the requirements of HKFRS 9. We have also challenged and assessed the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgments, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information including subsequent settlement and examining the actual losses recorded during the current financial year and assessing whether there was an indication of management bias when recognising loss allowance.

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

Refer to notes 15, 17 and 18 to the consolidated financial statements and the accounting policies on pages 108 to 109 and 128.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2024, the Group has property, plant and equipment and right-of-use assets of approximately RMB58,944,000 and RMB4,796,000 respectively that are contributable to the Knitted Fabric CGU, and property, plant and equipment, right-of-use assets and goodwill of approximately RMB572,000, RMB2,688,000 and RMB25,790,000 respectively that are contributable to the Space Measurement CGU. The Group engaged an external valuer to assist the assessment for the recoverable amounts of the Knitted Fabric CGU and Space Measurement CGU as at 31 December 2024. The valuation process was inherently subjective and dependent on a number of estimates. We have identified impairment assessment of non-current assets of the Knitted Fabric CGU and Space Measurement CGU as a key audit matter due to its significance to the consolidated financial statements and there are a number of assumptions adopted which involves the management's significant degree of judgment.	We have discussed the indicators of possible impairment with the management and, where such indicators were identified, assessed the management's impairment testing. Our procedures in relation to management's impairment assessment of non-current assets of Knitted Fabric CGU and Spacement Measurement CGU included: We have understood the methodologies to estimate the recoverable amount. We have assessed the reasonableness of the valuation methodology by challenging the assumptions used for preparing the future cash flow forecast, including the sales growth rates and gross profit margin against latest market expectations. We have checked the accuracy and appropriateness of the input data and historical data. We have considered the potential impact of reasonably possible downside changes in these key assumptions.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF THE DIRECTORS OF THE COMPANY AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs 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.

As part of an audit in accordance with HKSAs, 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.

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Hon Kei, Anthony.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Hon Kei, Anthony
Practising Certificate Number: P05591

Hong Kong
31 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	5	**486,697**	508,622
Cost of sales		**(382,547)**	(403,173)
Gross profit		**104,150**	105,449
Other income, gains and losses, net	7	**9,504**	3,941
Gain on derecognition of contingent consideration payable		**–**	3,400
Selling and distribution expenses		**(29,009)**	(24,704)
Administrative expenses		**(87,119)**	(84,618)
Finance costs	8	**(10,529)**	(5,779)
Loss before tax		**(13,003)**	(2,311)
Income tax expense	9	**(7,305)**	(7,353)
Loss for the year	10	**(20,308)**	(9,664)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**2,001**	1,513
Other comprehensive income for the year		**2,001**	1,513
Total comprehensive expense for the year		**(18,307)**	(8,151)
Loss attributable to:			
Owners of the Company		**(14,527)**	(1,560)
Non-controlling interests		**(5,781)**	(8,104)
		(20,308)	(9,664)
Total comprehensive expense attributable to:			
Owners of the Company		**(12,526)**	(47)
Non-controlling interests		**(5,781)**	(8,104)
		(18,307)	(8,151)
Loss per share:			
– Basic and diluted (cents)	14	**(2.94)**	(0.32)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	15	**124,071**	128,335
Investment property	16	**1,769**	2,212
Right-of-use assets	17	**19,793**	23,979
Goodwill	18	**25,790**	25,790
Contingent consideration receivable	19	**30,000**	30,000
Deposits paid to acquire property, plant and equipment		**–**	365
Deferred tax assets	20	**1,728**	1,560
		203,151	212,241
Current assets			
Inventories	21	**70,325**	68,729
Trade receivables	22	**57,591**	46,576
Bills receivables	23	**–**	679
Prepayments and other receivables	24	**26,252**	20,656
Income tax receivables		**1,300**	936
Financial asset at fair value through profit or loss	25	**3,003**	–
Restricted bank deposits and cash and bank balances	26	**250,614**	270,118
		409,085	407,694
Current liabilities			
Trade and bills payables	27	**95,932**	96,503
Accruals and other payables	28	**54,506**	53,863
Contract liabilities	29	**4,155**	9,948
Loan from a shareholder	30	**9,456**	4,583
Interest-bearing borrowings	31	**167,400**	157,400
Lease liabilities	17	**6,180**	4,071
Income tax payables		**8,672**	4,870
		346,301	331,238
Net current assets		**62,784**	76,456
Total assets less current liabilities		**265,935**	288,697
Non-current liabilities			
Lease liabilities	17	**1,754**	5,984
Deferred tax liabilities	20	**–**	225
		1,754	6,209
Net assets		**264,181**	282,488

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Capital and reserves			
Share capital	32	**148,929**	148,929
Reserves		**106,922**	119,448
Equity attributable to owners of the Company		**255,851**	268,377
Non-controlling interests	33	**8,330**	14,111
Total equity		**264,181**	282,488

The consolidated financial statements on pages 94 to 200 were approved and authorised for issue by the board of directors on 31 March 2025 and are signed on its behalf by:

Mr. Wang Bin
Director

Mr. Shu Dakun
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company								
	Share capital RMB'000	Statutory reserve RMB'000 (Note (a))	Exchange reserve RMB'000	Special reserve RMB'000 (Note (b))	Other reserve RMB'000 (Note (c))	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
As at 1 January 2023	148,929	42,506	(14,499)	(83)	5,800	85,771	268,424	–	268,424
Loss for the year	–	–	–	–	–	(1,560)	(1,560)	(8,104)	(9,664)
Other comprehensive income for the year:									
Exchange differences arising on translation of financial statements of foreign operations	–	–	1,513	–	–	–	1,513	–	1,513
Total comprehensive income (expense) for the year	–	–	1,513	–	–	(1,560)	(47)	(8,104)	(8,151)
Deemed capital injection from non-controlling interests of a subsidiary (Note 36)	–	–	–	–	–	–	–	24,000	24,000
Acquisition of a subsidiary (Note 36)	–	–	–	–	–	–	–	(1,785)	(1,785)
Appropriation to statutory reserve	–	2,929	–	–	–	(2,929)	–	–	–
As at 31 December 2023	148,929	45,435	(12,986)	(83)	5,800	81,282	268,377	14,111	282,488

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

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

Notes:

(a) Statutory reserve

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

(b) Special reserve

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

(c) Other reserve

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
OPERATING ACTIVITIES		
Loss before tax	**(13,003)**	(2,311)
Adjustments for:		
Depreciation of property, plant and equipment	**26,050**	22,674
Depreciation of right-of-use assets	**5,608**	5,208
Depreciation of investment property	**443**	443
Net gain on disposal of property, plant and equipment	**(220)**	(240)
(Reversal of) write-down of inventories	**(1,016)**	3,391
Impairment loss (reversal of impairment loss) on trade receivables	**5,627**	(359)
(Reversal of impairment loss) impairment loss on other receivables	**(3,700)**	3,732
Loss on early termination of lease	**82**	–
Gain on derecognition of contingent consideration payable	**–**	(3,400)
Gain from changes in fair value of financial asset at fair value through profit and loss	**(59)**	–
Finance costs	**10,529**	5,779
Bank interest income	**(945)**	(1,033)
Interest income on financial asset measured at amortised cost	**(814)**	(516)
Government grants	**(317)**	(412)
Operating cash flows before movements in working capital	**28,265**	32,956
Increase in inventories	**(123)**	(2,492)
Increase in trade receivables	**(15,967)**	(16,600)
Decrease in bills receivables	**679**	5,939
Decrease in prepayments and other receivables	**3,218**	11,227
(Decrease) increase in trade and bills payables	**(618)**	20,036
Increase (decrease) in accruals and other payables	**463**	(4,241)
(Decrease) increase in contract liabilities	**(5,807)**	1,441
Cash generated from operations	**10,110**	48,266
PRC income tax paid	**(4,403)**	(6,906)
Withholding tax paid	**–**	(556)
NET CASH FROM OPERATING ACTIVITIES	**5,707**	40,804

	Note	2024 RMB'000	2023 RMB'000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(21,826)**	(8,280)
Purchase of financial asset at fair value through profit and loss		**(16,523)**	–
Loan advance to a third party		**(5,000)**	–
Proceeds from disposal of financial assets at fair value through profit and loss		**13,579**	–
Interest received		**1,759**	1,549
Proceeds from disposal of property, plant and equipment		**987**	411
Net cash outflow on acquisition of a subsidiary	36	**–**	(25,571)
Loan advance to a customer		**–**	(20,000)
Purchase of financial asset measured at amortised cost		**–**	(10,000)
Deposits paid to acquire property, plant and equipment		**–**	(365)
Loan repayment from a customer		**–**	20,000
NET CASH USED IN INVESTING ACTIVITIES		**(27,024)**	(42,256)
FINANCING ACTIVITIES			
Repayments of interest-bearing borrowings		**(103,000)**	(103,000)
Interest paid for interest-bearing borrowings		**(9,817)**	(5,168)
Repayment of lease liabilities		**(4,290)**	(5,263)
Interest paid for lease liabilities		**(712)**	(611)
New borrowings raised		**113,000**	157,400
Advance from a shareholder		**4,619**	–
Government grant received		**317**	412
NET CASH FROM FINANCING ACTIVITIES		**117**	43,770
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(21,200)**	42,318
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY		**270,118**	227,951
Effect of foreign exchange rate changes		**1,696**	(151)
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER, represented by cash and bank balances		**250,614**	270,118

1. GENERAL

Greatime International Holdings Limited (the "**Company**"), which acts as an investment holding company, was incorporated in the British Virgin Islands (the "**BVI**") with limited liability under the Business Companies Act of the BVI (2004) (the "**Companies Act**") on 8 December 2010. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 24 November 2011. The address of the registered office is located at P.O. Box 3340, Road Town, Tortola, BVI and its principal place of business is located at Room 4408, 44/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

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

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied, for the first time, the following amendments to HKFRSs 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 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to Hong Kong Accounting Standard ("**HKAS**") 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs 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.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKAS 21	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027
4 Effective for annual periods beginning on or after a date to be determined.

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

HKFRS 18 – Presentation and Disclosure in Financial Statements

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared in accordance with HKFRSs 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 and by the Hong Kong Companies Ordinance.

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The material accounting policies are set out below.

Basis of consolidation

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

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Basis of consolidation (Continued)

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

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

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

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

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

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

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Investments in subsidiaries

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

Business combinations

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Business combinations

Acquisition of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs incurred to effect a business combination are recognised in profit or loss as incurred.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Business combinations (Continued)

Business combinations (Continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to the acquiree's employee benefit arrangements are recognised and measured in accordance with HKAS *12 Income Taxes* and HKAS 19 *Employee Benefits*, respectively;

- liabilities or equity instruments related to share-based payment arrangement of the acquiree or the replacement of the acquiree's share-based payment transactions with the share-based payment transactions of the Group are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

- lease liabilities are recognised and measured at the present value of the remaining lease payments as if the acquired lease was a new lease at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at an amount equal to the lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests, unless as required by another standards, are measured at acquisition-date fair value except for non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets on a transaction-by-transaction basis.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Business combinations (Continued)

Business combinations (Continued)

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at each reporting date, and changes in fair value are recognised in profit or loss.

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Goodwill (Continued)

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

Revenue from contracts with customers

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue from contracts with customers (Continued)

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

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

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

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

Contract liabilities

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

The Group recognised revenue from the following major sources:

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Foreign currencies

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

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

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

Leasing

Definition of a lease

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

The Group as lessee

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leasing (Continued)

The Group as lessee (Continued)

Lease liabilities

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leasing (Continued)

The Group as lessee (Continued)

Right-of-use assets

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leasing (Continued)

The Group as lessor

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

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

Retirement benefits costs

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Short-term benefits

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

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

Borrowing costs

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

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

Government grants

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

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

Taxation

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Taxation (Continued)

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

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

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

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

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

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

Current and deferred tax are recognised in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Property, plant and equipment

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

Ownership interests in leasehold land and buildings

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Investment properties

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

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

Inventories

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

Cash and cash equivalents

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

Bank balances for which use by the Group is subject to legal restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Legal restrictions affecting use of bank balances are disclosed in note 42.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments

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

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

Financial assets

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

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets at amortised cost (debt instruments)

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

Amortised cost and effective interest method

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL

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

Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

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

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the 'other income, gains and losses, net' line item. Fair value is determined in the manner described in note 35c.

A financial asset is held for trading if:

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9

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

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

Significant increase in credit risk

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

Significant increase in credit risk (Continued)

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

Significant increase in credit risk (Continued)

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

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

Definition of default

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

Credit-impaired financial assets

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

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

Write-off policy

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

Measurement and recognition of expected credit losses

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

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

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

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

Derecognition of financial assets

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities subsequently measured at amortised cost

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

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

Derecognition of financial liabilities

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Fair value measurement

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Critical judgments in applying accounting policies

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

Legal title of buildings

As at 31 December 2024, buildings without certificates of ownership with carrying values of approximately RMB7,278,000 (2023: RMB7,829,000). In the opinion of the directors of the Company, the absence of formal title to these properties does not impair their values to the Group as the Group has paid in full purchase consideration of these buildings and the probability of being evicted on the ground of an absence of formal title is remote.

Control in subsidiaries

As stated in note 45, Youying Intelligent Technology (Shenzhen) Co., Ltd ("**Youying**") and its wholly owned subsidiaries, Changkuan Bihu Digital Technology (Shenzhen) Co., Ltd ("**Bihu**") and Youying Intelligent Technology (Chengdu) Co., Ltd ("**Youying Chengdu**"), are subsidiaries of the Group even though the Group has only a 40% ownership interest and 40% of the voting rights in Youying. Youying and its wholly owned subsidiaries are unlisted limited companies incorporated in PRC. The Group has had 40% ownership interest in Youying since 16 May 2023 and the remaining 60% of the ownership interests are held by numerous shareholders that are unrelated to the Group.

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

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

Key sources of estimation uncertainty

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

Useful lives and residual values of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their estimated residual values. The determination of the useful lives and residual values involve management's estimation. The Group assesses annually the residual value and the useful life of the property, plant and equipment, and if the expectation differs from the original estimate, such a difference may impact the depreciation charged in the year and the estimate will be changed in the future period. As at 31 December 2024, the carrying amount of property, plant and equipment was approximately RMB124,071,000 (2023: RMB128,335,000).

Impairment of trade receivables and other receivables

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

At 31 December 2024, the carrying amount of trade receivables and other receivables were approximately RMB57,591,000 and RMB10,291,000 (2023: RMB46,576,000 and RMB5,423,000) respectively, net of loss allowance of approximately RMB8,004,000 and RMB270,000 (2023: RMB2,308,000 and RMB3,953,000) respectively.

During the year ended 31 December 2024, impairment loss of approximately RMB5,627,000 and reversal of impairment loss of approximately RMB3,700,000 (2023: reversal of impairment loss of approximately RMB359,000 and impairment loss of approximately RMB3,732,000) was recognised on trade receivables and other receivables respectively.

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

Key sources of estimation uncertainty (Continued)

Write-down of inventories

The Group reviews an ageing analysis at the end of each reporting period, and makes write-down for obsolete and slow-moving inventory items. Management estimates the net realisable value for such inventories based primarily on the latest invoice prices. As at 31 December 2024, the carrying amount of inventories was approximately RMB70,325,000 (2023: RMB68,729,000).

During the year ended 31 December 2024, reversal of write-down of inventories of approximately RMB1,016,000 (2023: write-down of inventories of RMB3,391,000) was recognised.

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

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

As at 31 March 2024, the carrying amount of property, plant and equipment and right-of-use assets relating to the Knitted Fabric CGU were RMB58,944,000 and RMB4,796,000 (2023: RMB55,268,000 and RMB4,963,000) respectively, and the carrying amount of property, plant and equipment, right-of-use assets and goodwill relating to the Space Measurement CGU were RMB572,000, RMB2,688,000 and RMB25,790,000 (2023: RMB800,000, RMB5,128,000 and RMB25,790,000) respectively. No impairment losses were recognised on property, plant and equipment, right-of-use assets and goodwill respectively in relation to the Knitted Fabric CGU and Space Measurement CGU during the years ended 31 December 2024 and 2023.

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

Key sources of estimation uncertainty (Continued)

Income taxes

As at 31 December 2024 deferred tax assets of approximately RMB1,728,000 (2023: RMB1,560,000), in relation to unused tax losses, unrealised profit on inventories and accelerated tax depreciation, has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on tax losses arising in PRC and Hong Kong of approximately RMB86,941,000 (2023: RMB77,899,000) and deductible temporary differences associated with impairment loss of approximately RMB14,074,000 (2023: RMB13,763,000) as at 31 December 2024, due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are more/less than expected, a material recognition/reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a recognition/reversal takes place.

Fair value of contingent consideration receivable

The fair value of contingent consideration receivable was estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate and expected net profits of the acquired subsidiaries. As at 31 December 2024, the fair value of contingent consideration receivable is RMB30,000,000 (2023: RMB30,000,000). No fair value change on contingent consideration receivable was recognsed.

5. REVENUE

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

Revenue from contracts with customers within the scope of HKFRS 15

Disaggregated by major products or services lines

	2024 **RMB'000**	2023 RMB'000
Manufacture and sale of products:		
– Innerwear products	**361,770**	361,339
– Knitted fabrics	**82,774**	102,283
	444,544	463,622
Processing services income:		
– Innerwear products	**9,651**	8,889
– Knitted fabrics	**30,161**	34,358
	39,812	43,247
Space measurement services, industrial drones and measurement robots	**2,341**	1,753
	486,697	508,622

Disaggregation of revenue by timing of recognition

	2024 **RMB'000**	2023 RMB'000
Timing of revenue recognition		
At a point in time and total revenue from contracts with customers	**486,697**	508,622

6. SEGMENT INFORMATION

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

During the year ended 31 December 2023, the Group commenced the business engaging in provision of space measurement services, industrial drones and measurement robots along with the acquisition of Youying (as detailed in note 36), and it is considered as a new and operating and reportable segment by CODM.

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

1) Innerwear products – manufacturing and sale of and provision of processing services on innerwear products

2) Knitted fabrics – manufacturing and sale of and provision of processing services on knitted fabrics

3) Space measurement services, industrial drones and measurement robots – provision of high-precision space measurement and modelling services, geographic spatial data measurement services, internal and external industry software development, CIM underlying platform and system construction, as well as research and development, production, sales and technical assistance of industrial drones and 3D high-precision laser radar measuring robots

6. SEGMENT INFORMATION (Continued)

Segment revenues and results

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

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

6. SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

	Year ended 31 December 2023			
	Innerwear products RMB'000	Knitted fabrics RMB'000	Space measurement RMB'000	Total RMB'000
Revenue				
External sales	370,228	136,641	1,753	508,622
Inter-segment sales	124,502	101,031	–	225,533
Segment revenue	494,730	237,672	1,753	734,155
Eliminations				(225,533)
Group's revenue				508,622
Segment profit (loss)	36,323	(6,023)	(13,437)	16,863
Other income, gains and losses, net				1,021
Gain on derecognition of contingent consideration payable				3,400
Finance costs				(5,779)
Unallocated head office and corporate expenses				(17,816)
Loss before tax				(2,311)

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

Inter-segment sales are charged at prevailing market price.

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

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

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

	Year ended 31 December 2023			
	Innerwear products RMB'000	Knitted fabrics RMB'00	Space measurement RMB'000	Total RMB'000
Segment assets	151,259	112,031	12,270	275,560
Unallocated assets:				
Property, plant and equipment				34
Investment property				2,212
Right-of-use assets				2,335
Goodwill				25,790
Contingent consideration receivable				30,000
Restricted bank deposits and cash and bank balances				270,118
Income tax receivables				936
Deferred tax assets				1,560
Prepayments and other receivables				11,390
Consolidated assets				619,935
Segment liabilities	96,095	43,576	6,563	146,234
Unallocated liabilities:				
Other payables				14,080
Loan from a shareholder				4,583
Income tax payables				4,870
Interest-bearing borrowings				157,400
Lease liabilities				10,055
Deferred tax liabilities				225
Consolidated liabilities				337,447

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

- all assets are allocated to operating segments other than property, plant and equipment for general operation, investment property for general operation, right-of-use assets for general operation, goodwill, contingent consideration receivable, restricted bank deposits and cash and bank balances, income tax receivables, deferred tax assets, prepayments and other receivables for general operation and financial asset at FVTPL.

- all liabilities are allocated to operating segments other than other payables for general operation, loan from a shareholder, income tax payables, interest-bearing borrowings, lease liabilities, and deferred tax liabilities.

6 SEGMENT INFORMATION (Continued)

Other segment information

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

6. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

	Year ended 31 December 2023				
	Innerwear products RMB'000	Knitted fabrics RMB'000	Space measurement RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:					
Depreciation of property, plant and equipment	10,574	11,912	165	23	22,674
Depreciation of right-of-use assets	1,157	211	1,975	1,865	5,208
Net gain on disposal of property, plant and equipment	(211)	(29)	–	–	(240)
Write-down of inventories	1,571	1,820	–	–	3,391
Impairment loss (reversal of impairment loss) on trade receivables	381	(753)	13	–	(359)
Impairment loss on other receivables	88	–	3,632	12	3,732
Additions to non-current assets	8,199	3,937	8,068	–	20,204
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:					
Depreciation of investment property	–	–	–	443	443
Bank interest income	–	–	–	(1,033)	(1,033)
Interest income on financial asset measured at amortised cost	–	–	–	(516)	(516)
Interest expense	–	–	–	5,779	5,779
Income tax expense	–	–	–	7,353	7,353

6. SEGMENT INFORMATION (Continued)

Geographical information

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

	Revenue from contracts with external customers		Non-current assets	
	2024	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000
Japan	**243,769**	226,873	**–**	–
The PRC (country of domicile)	**180,213**	202,109	**123,388**	130,929
Taiwan	**33,474**	24,093	**–**	–
United States	**10,806**	6,281	**–**	–
Italy	**10,224**	17,077	**–**	–
Hong Kong	**4,845**	9,063	**5,074**	4,935
Netherlands	**2,441**	7,460	**–**	–
Africa	**684**	9,872	**–**	–
Canada	**241**	–	**–**	–
Norway	**–**	434	**–**	–
Southeast Asia	**–**	5,360	**–**	–
Myanmar	**–**	–	**17,171**	19,027
	486,697	508,622	**145,633**	154,891

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

6. SEGMENT INFORMATION (Continued)

Information about major customers

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

	2024 **RMB'000**	2023 RMB'000
Customer A (Note (b))	**66,844**	56,990
Customer B (Note (a))	**58,322**	53,653
Customer C (Note (a))	**50,409**	N/A*
Customer D (Note (b))	**49,561**	N/A*

Notes:

(a) Revenue from manufacture and sales of and provision of processing services on innerwear products segment and from overseas customer.

(b) Revenue from manufacture and sales of and provision of processing services on innerwear and garments segment and from PRC customer.

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

7. OTHER INCOME, GAINS AND LOSSES, NET

	2024 RMB'000	2023 RMB'000
Bank interest income	**945**	1,033
Interest income on financial asset measured at amortised cost	**814**	516
Realised and unrealised gains from financial asset at FVTPL	**59**	–
Exchange gains, net	**6,594**	2,429
Sales of scrap materials	**1,535**	2,077
Government grants (Note)	**317**	412
Net gain on disposal of property, plant and equipment	**220**	240
Rental income from an investment property		
– Lease payments that are fixed	**147**	147
(Impairment loss) reversal of impairment loss on trade receivables	**(5,627)**	359
Reversal of impairment loss (impairment loss) on other receivables	**3,700**	(3,732)
Others	**800**	460
	9,504	3,941

Note:

During the year ended 31 December 2024, the government grants of RMB317,000 (2023: RMB377,000) was awarded to the Group by the PRC government as incentives primarily to encourage the technology development of the Group and the contribution to the local economic development.

During the year ended 31 December 2023, RMB18,000 and RMB17,000 (2024: nil and nil) was awarded to the Group by the Government of the Hong Kong Special Administrative Region as incentives primarily to encourage small and medium enterprises to expand their markets outside Hong Kong for participation in export promotion activities and to reimburse maternity leave pay respectively.

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

8. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest on:		
– Other borrowings	**5,128**	–
– Lease liabilities	**712**	611
– Bank borrowings	**4,689**	5,168
	10,529	5,779

9. INCOME TAX EXPENSE

	2024 RMB'000	2023 RMB'000
Current tax:		
PRC Enterprise Income Tax (the "**EIT**")		
– Provision for the year	**3,688**	5,874
– (Over) under provision in prior years	**(37)**	315
Overseas income tax		
– Provision for the year	**4,033**	1,382
Withholding tax	**–**	593
Deferred tax (Note 20)	**(379)**	(811)
	7,305	7,353

9. INCOME TAX EXPENSE (Continued)

(a) Overseas income tax

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

Pursuant to the rules and regulations of Myanmar, the Myanmar subsidiaries are subject to income tax at 22% for the years ended 31 December 2024 and 2023.

(b) Hong Kong Profits Tax

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

No provision for Hong Kong Profits Tax had been made for the years ended 31 December 2024 and 2023 as there was no estimated assessable profit derived from Hong Kong subsidiaries.

(c) EIT

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

Pursuant to circular issued by Ministry of Finance and National Tax Bureau on 14 March 2022, preferential tax rate for the small-scaled minimal profit enterprise for the proportion of annual taxable income between RMB1,000,001 and RMB3,000,000 is increased from 2.5% to 5% since 1 January 2022. Pursuant to circular issued by Ministry of Finance and National Tax Bureau on 28 March 2023, the small-scaled minimal profit enterprise with an annual taxable income below RMB1,000,000 (RMB1,000,000 included) is entitled to a preferential tax rate of 5% since 1 January 2023. Two PRC subsidiaries (2023: one PRC subsidiary) of the Group were qualified as small-scaled minimal profit enterprise and application of preferential tax rate during the year ended 31 December 2024.

(d) Withholding tax

According to the joint circular of the Ministry of Finance and State Administration of Taxation – Cai Shui 2008 No. 1, withholding tax of 10% is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards.

9. INCOME TAX EXPENSE (Continued)

(d) Withholding tax (Continued)

The tax charge of the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 **RMB'000**	2023 RMB'000
Loss before tax	**(13,003)**	(2,311)
Tax at the domestic income rate of 25% (2023: 25%)	**(3,250)**	(578)
Tax effect of income not taxable for tax purpose	**(613)**	(2,958)
Tax effect of expenses not deductible for tax purpose	**3,365**	2,592
Tax effect of deductible temporary difference not recognised	**1,104**	1,762
Utilisation of deductible temporary difference previously not recognised	**(446)**	(207)
Tax effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	**(228)**	246
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(884)**	2,873
Tax effect of tax losses not recognised	**2,978**	6,645
(Over) under provision in prior years	**(37)**	315
Income tax at concessionary rate	**7,680**	(3,337)
Utilisation of tax losses previously not recognised	**(2,364)**	–
Income tax expense for the year	**7,305**	7,353

Details of deferred taxation are set out in note 20.

10. LOSS FOR THE YEAR

	2024 **RMB'000**	2023 RMB'000
Loss for the year has been arrived at after charging:		
Salaries and other benefits	**140,419**	133,492
Contributions to retirement benefit schemes	**17,126**	16,541
Total staff costs (including directors' and chief executive's emoluments)	**157,545**	150,033
Auditor's remuneration	**924**	959
Depreciation of property, plant and equipment	**26,050**	22,674
Depreciation of investment property	**443**	443
Depreciation of right-of-use assets	**5,608**	5,208
Loss on early termination of lease	**82**	–
Research and development costs recognised as an expense*	**6,011**	6,220
Amount of inventories recognised as an expense	**383,563**	399,782
(Reversal of) write-down of inventories (included in cost of sales)	**(1,016)**	3,391

* Research and development costs recognised as an expense for the year ended 31 December 2024 included staff costs and depreciation of property, plant and equipment of approximately RMB4,502,000 and RMB204,000 respectively (2023: RMB5,753,000 and RMB146,000) which were also included in the total staff costs and depreciation of property, plant and equipment.

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

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

For the year ended 31 December 2024

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

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

For the year ended 31 December 2023

Name of Director	Fees RMB'000	Salaries and other benefits RMB'000	Contributions to retirement benefit schemes RMB'000	Total RMB'000
Executive directors				
Mr. Wang Bin	–	1,086	–	1,086
Mr. Du Shuwei	–	1,086	–	1,086
Mr. Shu Dakun (Note a)	–	452	–	452
Ms. Tian Ying (Note b)	–	633	–	633
	–	3,257	–	3,257
Non-executive director				
Mr. Zhang Yanlin	180	–	–	180
Independent non-executive directors				
Mr. Xu Dunkai	136	–	–	136
Ms. Zhao Weihong	136	–	–	136
Mr. Zheng Bing (Note a)	57	–	–	57
Mr. Hu Quansen (Note b)	79	–	–	79
	408	–	–	408
Total	588	3,257	–	3,845

Notes:

(a) Appointed on 1 August 2023

(b) Resigned on 1 August 2023

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

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

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

No directors or chief executive of the Company waived or agreed to waive any emolument paid by the Group during the years ended 31 December 2024 and 2023. No emoluments were paid by the Group to any of the directors or chief executive of the Company as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 31 December 2024 and 2023.

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2023: two) were directors and chief executive of the Company whose emoluments are included in the disclosure in note 11 above. The emoluments of the remaining three (2023: three) individuals were as follows:

	2024 **RMB'000**	2023 RMB'000
Salaries and other benefits	**4,824**	5,714
Contributions to retirement benefit schemes	**–**	–
	4,824	5,714

Their emoluments were within the following bands:

	2024 **No. of** **Employees**	2023 No. of Employees
HKD1,000,001 to HKD1,500,000 (2024: equivalent to approximately RMB923,664 to RMB1,385,495, 2023: equivalent to approximately RMB904,733 to RMB1,357,098)	**2**	2
HKD3,500,001 to HKD4,000,000 (2024: equivalent to approximately RMB3,232,822 to RMB3,694,652, 2023: equivalent to approximately RMB3,166,562 to RMB3,618,927)	**1**	1

No emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 31 December 2024 and 2023.

13. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during 2024, nor has any dividend been proposed since the end of the reporting period (2023: nil).

14. LOSS PER SHARE

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

The calculation of the basic and diluted loss per share for the year ended 31 December 2023 was based on the loss for the year attributable to owners of the Company of approximately RMB1,560,000 and the weighted average of 494,335,330 ordinary shares in issue during the year.

Diluted loss per share for the years ended 31 December 2024 and 2023 was the same as the basic loss per share as there were no dilutive potential ordinary shares outstanding during the year ended 31 December 2024 and 2023.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Machinery	Office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note)						
COST:							
As at 1 January 2023	187,652	31,722	153,710	16,024	8,515	–	397,623
Acquired on acquisition of a subsidiary (Note 36)	–	–	–	410	16	–	426
Additions	–	215	4,169	2,079	2,073	–	8,536
Disposals	–	–	(1,925)	(155)	(606)	–	(2,686)
Exchange adjustments	280	60	186	106	88	–	720
As at 31 December 2023 and 1 January 2024	187,932	31,997	156,140	18,464	10,086	–	404,619
Additions	217	2,337	14,746	942	1,499	2,450	22,191
Disposals	(217)	–	(25,038)	(379)	(1,474)	–	(27,108)
Exchange adjustments	322	85	225	131	138	–	901
As at 31 December 2024	188,254	34,419	146,073	19,158	10,249	2,450	400,603
ACCUMULATED DEPRECIATION:							
As at 1 January 2023	91,420	28,092	113,879	14,540	7,821	–	255,752
Provided for the year	9,400	1,928	9,358	1,230	758	–	22,674
Eliminated on disposals	–	–	(1,760)	(155)	(600)	–	(2,515)
Exchange adjustments	40	32	131	91	79	–	373
As at 31 December 2023 and 1 January 2024	100,860	30,052	121,608	15,706	8,058	–	276,284
Provided for the year	9,357	1,725	12,992	1,258	718	–	26,050
Eliminated on disposals	(20)	–	(24,782)	(379)	(1,160)	–	(26,341)
Exchange adjustments	72	56	192	119	100	–	539
As at 31 December 2024	110,269	31,833	110,010	16,704	7,716	–	276,532
CARRYING VALUES:							
As at 31 December 2024	77,985	2,586	36,063	2,454	2,533	2,450	124,071
As at 31 December 2023	87,072	1,945	34,532	2,758	2,028	–	128,335

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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

Note: As at 31 December 2024, buildings without obtaining certificates of ownership from the relevant PRC government authorities with carrying values of approximately RMB7,278,000 (2023: RMB7,829,000). In the opinion of the directors of the Company, the absence of formal title to these properties does not impair their values to the Group as the Group has paid in full purchase consideration of these buildings and the probability of being evicted on the ground of an absence of formal title is remote.

During the year, as the result of the poor performance of Knitted Fabrics CGU and Space Measurement CGU, the Group carried out review of the recoverable amounts of those CGUs' property, plant and equipment, right-of-use assets and goodwill. The poor performance of those CGUs can be attributed to the fact that the Space Measurement CGU is still under the research and product development stage, and the higher costs of sales for Knitted Fabrics CGU. These assets are used in the Group's knitted fabrics and space meausrement reportable segments. No impairment loss has been recognised in profit or loss (2023: nil). The recoverable amounts of those CGUs have been determined based on value in use calculations. Those calculations used cash flow projections based on financial budgets approved by management covering a 5-year period (2023: 5-year period), and discount rate of 17% (2023: 17%). The CGUs' cash flows beyond the 5 year period are extrapolated using 2 % (2023: 2%) growth rate. This growth rate is based on the relevant industries growth forecasts and does not exceed the average long-term growth rate for the relevant industries. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the units' past performance and management's expectations for the market development and the uncertain economic environment, which are subject to higher degree to estimation uncertainties.

As at 31 December 2024 certain Group's buildings with an aggregate carrying amounts of approximately RMB63,328,000 (2023: RMB71,287,000) were pledged to secure the bank borrowings granted to the Group (Note 38).

16. INVESTMENT PROPERTY

	RMB'000
COST	
At 1 January 2023, at 31 December 2023, at 1 January 2024 and at 31 December 2024	5,426
ACCUMULATED DEPRECIATION	
At 1 January 2023	2,771
Provided for the year	443
At 31 December 2023	3,214
Provided for the year	443
At 31 December 2024	3,657
CARRYING VALUES	
As at 31 December 2024	1,769
As at 31 December 2023	2,212

The fair value of the Group's investment property as at 31 December 2024 was approximately RMB4,107,000 (2023: RMB4,194,000). The fair value has been arrived at based on a valuation carried out by APAC Appraisal and Consulting Limited, an independent valuer not connected with the Group. The valuation was determined by reference to recent market prices for similar properties in the similar locations and conditions and is categorised as level 3 of the fair value hierarchy.

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

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

Buildings	Over the shorter of the term of the lease or 16 years

17. LEASES

(i) Right-of-use assets

	2024 **RMB'000**	2023 RMB'000
Land	**11,394**	12,624
Buildings (factories, offices and staff quarters)	**8,399**	11,355
	19,793	23,979

At 31 December 2024, right-of-use assets of approximately RMB11,394,000 (2023: RMB12,624,000) represent land use rights located in the PRC and Myanmar.

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

Additions to the right-of-use assets for the year ended 31 December 2024 amounted to approximately RMB2,240,000 (2023: RMB10,877,000), due to a new lease of a staff quarter.

During the year ended 31 December 2024, the Group early terminated a lease of a staff quarter and derecognised right-of-use assets and lease liabilities of approximately RMB299,000 (2023: nil) and RMB217,000 (2023: nil) respectively, resulting in a loss on early termination of lease of approximately HK$82,000 (2023: nil) being recognised in the consolidated statement of profit or loss and other comprehensive income for the year.

During the year ended 31 December 2024, no impairment loss has been recognised in profit or loss (2023: nil). Details of impairment assessment are set out in note 15.

As at 31 December 2024, the Group's land with an aggregate carrying amount of approximately RMB9,393,000 (2023: RMB9,748,000) were pledged to secure the bank borrowings granted to the Group (Note 38).

17. LEASES (Continued)

(ii) Lease liabilities

	2024 **RMB'000**	2023 RMB'000
Non-current	**1,754**	5,984
Current	**6,180**	4,071
	7,934	10,055

Amounts payable under lease liabilities

	2024 **RMB'000**	2023 RMB'000
Within one year	**6,180**	4,071
After one year but within two years	**973**	4,979
After two years but within five years	**781**	1,005
	7,934	10,055
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(6,180)**	(4,071)
Amount due for settlement after 12 months	**1,754**	5,984

During the year ended 31 December 2024, the Group entered into a new lease agreement in respect of staff quarter (2023: four new leases agreements in respect of office and staff quarter) and recognised lease liabilities of approximately RMB2,240,000 (2023: RMB10,877,000).

17. LEASES (Continued)

(iii) Amounts recognised in profit or loss

	Year ended 2024 RMB'000	2023 RMB'000
Depreciation expense on right-of-use assets:		
– Land	**415**	417
– Buildings (factories, offices and staff quarters)	**5,193**	4,791
	5,608	5,208
Interest expense on lease liabilities	**712**	611
Expense relating to short-term leases	**1,424**	1,467
Expense relating to leases of low value assets	**6**	10

(iv) Others

During the year ended 31 December 2024, the total cash outflows for leases amount to approximately RMB6,432,000 (2023: RMB7,351,000).

Restrictions or covenants on leases

As at 31 December 2024, lease liabilities of approximately RMB7,934,000 are recognised with related right-of-use assets of approximately RMB8,399,000 (2023: lease liabilities of approximately RMB10,055,000 and related right-of-use assets of approximately RMB11,355,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

18. GOODWILL

	2024 **RMB'000**	2023 RMB'000
COST		
At 1 January and 31 December	**25,790**	25,790
CARRYING AMOUNTS		
At 1 January and 31 December	**25,790**	25,790

Impairment testing on goodwill

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

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

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

During the year ended 31 December 2024, management of the Group determines that there are no impairments of any of its CGU containing goodwill.

19. CONTINGENT CONSIDERATION RECEIVABLE

Contingent consideration receivable represented the profit guarantee arising from the acquisition of Youying and its subsidiary during the year ended 31 December 2023 as set out below. The contingent consideration receivable is measured at fair value at the end of the reporting period. The movement of the fair value of contingent consideration receivable is as follows:

	2024 **RMB'000**	2023 RMB'000
At fair value		
At 1 January	**30,000**	–
Arising from acquisition of a subsidiary (Note 36)	**–**	30,000
At 31 December	**30,000**	30,000

Note: On 16 May 2023, the Group acquired 40% of the issued share capital of Youying and its wholly-owned subsidiary, Bihu. Youying is engaged in provision of space measurement services, industrial drones and measurement robots and Bihu is engaged in provision of space measurement services. Details of which are set out in note 36. Youying and Bihu were acquired so as to capture the growth opportunities in the smart cities market in the PRC and diversify the revenue stream of the Group.

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

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

20. DEFERRED TAXATION

The following is the analysis of the deferred tax asset (liabilities), after set off certain deferred tax assets against deferred tax liabilities of the same taxable entity, for financial reporting purpose.

	2024	2023
	RMB'000	RMB'000
For financial reporting purpose:		
Deferred tax assets	**1,728**	1,560
Deferred tax liabilities	**–**	(225)
	1,728	1,335

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

	Unrealised profit on inventories	**Withholding tax on undistributed profit of subsidiaries in the PRC**	**Tax losses**	**Accelerated tax depreciation**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	695	(558)	494	(105)	526
Credited to profit or loss for the year	464	347	–	–	811
Exchange difference	–	(14)	14	(2)	(2)
As at 31 December 2023 and at 1 January 2024	1,159	(225)	508	(107)	1,335
Credited to profit or loss for the year	43	228	–	108	379
Exchange difference	–	(3)	18	(1)	14
As at 31 December 2024	1,202	–	526	–	1,728

20. DEFERRED TAXATION (Continued)

As at 31 December 2024, the Group has unused Hong Kong and PRC tax losses of approximately RMB43,103,000 and RMB47,023,000 (2023: RMB55,835,000 and RMB25,145,000) respectively available for offsetting against future profits. A deferred tax asset has been recognised in respect of Hong Kong tax losses of approximately RMB3,185,000 (2023: RMB3,081,000) of such losses. No deferred tax asset has been recognised in respect of the remaining Hong Kong tax losses of approximately RMB39,918,000 (2023: RMB52,754,000) and PRC tax losses of approximately RMB47,023,000 (2023: RMB25,145,000) due to unpredictability of future profit streams. All unrecognised PRC tax losses as at 31 December 2024 will expire in 2027 to 2029 (2023: expired in 2027 to 2028). Other losses may be carried forward indefinitely.

For the year ended 31 December 2024, none of PRC tax losses and HK tax losses of approximately RMB14,328,000 (2023: nil and nil) was being utilised by the Group to set off assessable profit for the year, and none of PRC tax losses (2023: RMB6,101,000) lapsed upon expiry. An addition of approximately RMB16,928,000 of PRC tax losses and no addition of HK tax losses (2023: RMB19,348,000 and RMB10,954,000 of PRC and HK tax losses respectively) was recognised for the year ended 31 December 2024.

At the end of the reporting period, the Group has deductible temporary differences associated with impairment loss of approximately RMB14,074,000 (2023: RMB13,763,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible differences can be utilised.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was approximately RMB13,786,000 (2023: RMB24,739,000). No deferred tax liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

21. INVENTORIES

	2024 **RMB'000**	2023 RMB'000
Raw materials	**24,944**	25,822
Work-in-progress	**37,499**	33,229
Finished goods	**7,882**	9,678
	70,325	68,729

During the year ended 31 December 2024, a reversal of write-down of inventories of approximately RMB1,016,000 (2023: write-down of inventories of approximately RMB3,391,000) has been recognised as those inventories were sold at net realisable value of higher than the carrying amounts.

22. TRADE RECEIVABLES

	2024 **RMB'000**	2023 RMB'000
Receivables at amortised cost comprise:		
Trade receivables	**65,595**	48,884
Less: Loss allowance on trade receivables	**(8,004)**	(2,308)
	57,591	46,576

As at 31 December 2024, the gross amount of trade receivables arising from contracts with customers amounted to approximately RMB65,595,000 (2023: RMB48,884,000).

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

	2024 **RMB'000**	2023 RMB'000
0–30 days	**32,792**	32,200
31–60 days	**13,667**	11,820
61–90 days	**5,931**	1,880
Over 90 days	**5,201**	676
	57,591	46,576

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

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

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

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

22. TRADE RECEIVABLES (Continued)

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

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

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

As at 31 December 2023	Weighted average expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	1.88	44,507	839
0–30 days past due	21.08	3,451	728
31–60 days past due	63.52	346	219
61–90 days past due	87.83	2	2
91–180 days past due	89.42	411	368
181–365 days past due	90.43	157	142
Over 365 days past due	100.00	10	10
		48,884	2,308

22. TRADE RECEIVABLES (Continued)

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

	2024	2023
	RMB'000	RMB'000
At the beginning of the year	**2,308**	2,632
Impairment loss (reversal of impairment loss) on trade receivables	**5,627**	(359)
Exchange realignment	**69**	35
At the end of the year	**8,004**	2,308

During the year ended 31 December 2024, the change in loss allowance of trade receivables was due to an increase in the past due amounts of trade receivables, with no significant increase in credit risk identified, as the customers had good repayment historical records.

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

	2024	2023
	RMB'000	RMB'000
RMB	**2,425**	383
USD	**2,841**	3,320
	5,266	3,703

23. BILLS RECEIVABLES

	2024	2023
	RMB'000	RMB'000
Receivables at amortised cost comprise:		
Bills receivables	–	679

As at 31 December 2023, the gross amount of bills receivables arising from contracts with customers amounted to approximately RMB679,000 (2024: nil).

The aging analysis of bills receivables presented based on the issue date at the end of the reporting period was as follows:

	2024	2023
	RMB'000	RMB'000
31–60 days	–	679
	–	679

The Group measures the loss allowance for bills receivables at an amount equal to 12-month ECL. As the counterparties are banks with high credit ratings, no additional loss allowance was provided on the Group's bills receivables in the year ended 31 December 2023.

None of the Group's bills receivables denominated in currencies other than functional currency.

24. PREPAYMENTS AND OTHER RECEIVABLES

	2024 **RMB'000**	2023 RMB'000
Prepayments	**5,211**	4,912
Financial asset measured at amortised cost (Note a)	**10,000**	10,000
Other receivables (Note b)	**10,561**	9,376
Advance to suppliers	**750**	321
	26,522	24,609
Less: Loss allowance on other receivables	**(270)**	(3,953)
	26,252	20,656

Notes:

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

The Group measures the loss allowance for financial asset measured at amortised cost at an amount equal to 12-month ECL since the credit risk is considered to be low and there is no significant increase in credit risk during the year. The loss allowance is insignificant to the Group as at 31 December 2024 and 2023.

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

(b) As at 31 December 2024, other receivables included loan advance to a third party of approximately RMB5,000,000 (2023: nil). The balance is unsecured, interest bearing and repayable on 5 March 2025.

As at 31 December 2023, other receivables of approximately RMB3,780,000 arised from acquired subsidiary's former related company, which is unsecured and non-interest bearing. During the year ended 31 December 2024, the balance is fully settled.

The Group has individually assessed other receivables at 12-month ECL by applying probability of default approach as it has low risk of default or has not been significantly increase in credit risk since initial recognition.

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

24. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

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

	2024	2023
	RMB'000	RMB'000
At the beginning of the year	**3,953**	221
(Reversal of) impairment loss on other receivables	**(3,700)**	3,732
Exchange realignment	**17**	–
At the end of the year	**270**	3,953

During the year ended 31 March 2024, the change in loss allowance of other receivables was attributed to the settlement in the current year of balances impaired in the prior year.

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

	2024	2023
	RMB'000	RMB'000
Hong Kong dollars ("**HKD**")	**1,194**	580

25. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
	RMB'000	RMB'000
Financial asset at FVTPL compris:		
Unlisted fund investment in the PRC	**3,003**	–

The fair value of this investment is disclosed in note 35(c).

26. RESTRICTED BANK DEPOSITS AND CASH AND BANK BALANCES

Cash and bank balances included demand deposits and short-term bank deposits for the purpose of meeting the Group's short term cash commitment, which carry interest at market rates which range from 0.001% to 1.25% (2023: 0.001% to 1.25%) per annum.

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

	2024 **RMB'000**	2023 RMB'000
USD	**5,858**	8,351
RMB	**42**	5,372
HKD	**2,315**	2,741
British Pound ("**GBP**")	**156**	150
Euro ("**EUR**")	**14**	106
Japanese Yen ("**JPY**")	**126**	83
	8,511	16,803

As at 31 December 2023, restricted bank deposits of approximately RMB5,026,000 (2024: nil) represented bank balances seized by court order. During the year ended 31 December 2024, all of the restricted bank deposits have been released as the relevant case have been concluded. Further details are set out in note 42.

27. TRADE AND BILLS PAYABLES

	2024 **RMB'000**	2023 RMB'000
Trade payables	**54,932**	64,353
Bills payables (Note a)	**41,000**	32,150
	95,932	96,503

Note:

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

27. TRADE AND BILLS PAYABLES (Continued)

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

	2024 **RMB'000**	2023 RMB'000
0–30 days	**42,178**	37,113
31–90 days	**20,329**	35,833
91–180 days	**32,868**	22,399
Over 180 days	**557**	1,158
	95,932	96,503

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

28. ACCRUALS AND OTHER PAYABLES

	2024 **RMB'000**	2023 RMB'000
Payroll and welfare payables	**30,740**	27,256
Consideration payable (Note a)	**13,600**	13,600
Other tax payables	**1,679**	2,574
Other payables (Note b)	**8,487**	10,433
	54,506	53,863

Notes:

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

(b) As at 31 December 2023, other payables included advances from a former related company of approximately RMB5,026,000 arised from the acquisition of a subsidiary. The amount with an interest rate of 3.55% p.a. and was calculated from 5 August 2023 until the debt was fully settled. During the year ended 31 December 2024, the amount is fully settled. Details of which are set out in Note 42.

28. ACCRUALS AND OTHER PAYABLES (Continued)

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

	2024 RMB'000	2023 RMB'000
USD	**33**	711
HKD	**535**	483
	568	1,194

29. CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Advance from customers	**4,155**	9,948

As at 1 January 2023, contract liabilities amounted to RMB8,396,000.

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

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

The changes in contract liabilities in 2024 were mainly due to less sales orders received towards the end of 2024 than it did at the same period of 2023.

Revenue recognised during the year ended 31 December 2024 that was included in the contract liabilities as at 1 January 2024 is approximately RMB9,948,000 (2023: RMB8,396,000). There was no revenue recognised in the current year that related to performance obligations that were satisfied in prior year.

30. LOAN FROM A SHAREHOLDER

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

31. INTEREST-BEARING BORROWINGS

	2024 **RMB'000**	2023 RMB'000
Bank borrowings – secured	**113,000**	103,000
Other borrowing	**54,400**	54,400
	167,400	157,400
Secured	**113,000**	103,000
Unsecured	**54,400**	54,400
	167,400	157,400

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

As at 31 December 2024, secured bank borrowings with carrying amount of approximately RMB113,000,000 (2023: RMB103,000,000) were secured by right-of-use assets and buildings of the Group. Details are disclosed in note 38.

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

	2024		2023	
	Effective interest rate	**RMB'000**	Effective interest rate	RMB'000
Variable rate borrowings	**4.57% – 5.00%**	**28,000**	4.57% – 5.00%	48,000
Fixed rate borrowings	**3.50% – 4.80%**	**139,400**	3.65% – 4.80%	109,400
		167,400		157,400

The Group has variable-rate borrowings which carry interest at base rate plus 1.37% (2023: base rate plus 1.37%). Interest is reset every 12 months (2023: every 12 months) for the year ended 31 December 2024.

During the year, the Group obtained new bank borrwoings in the amount of approximately RMB113,000,000 (2023: RMB157,400,000) and renewed other borrowing in the amount of approximately RMB54,400,000. The borrowings bear interest at market rates and the balance will be repayable in 2024. The proceeds were used to finance the working capital and investment in subsidiaries of the Group.

As at 31 December 2024 and 2023, the carrying amounts of the Group's borrowings are denominated in RMB.

32. SHARE CAPITAL

	Number of shares	Amount RMB'000
Ordinary share without par value		
Authorised:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	1,000,000,000	N/A

	Number of shares	Amount RMB'000
Issued and fully paid:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	494,335,330	148,929

33. NON-CONTROLLING INTERESTS

	Share of net assets of subsidiaries RMB'000
At 1 January 2023 and 31 December 2023	14,111
Share of loss for the year	(5,781)
At 31 December 2024	8,330

34. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes loan from a shareholder and interest-bearing borrowings as disclosed in note 30 and note 31 respectively, net of cash and cash equivalents and equity attributable to the owners of the Company, comprising issued share capital and reserves.

The directors of the Company regularly review the capital structure. As part of this review, the directors of the Company consider the cost of capital and risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new shares issues, the issue of new borrowings or repayment of existing borrowings.

35. FINANCIAL INSTRUMENTS

a. *Categories of financial instruments*

	2024 **RMB'000**	2023 RMB'000
Financial assets		
Financial assets at amortised cost	**326,129**	329,936
Financial assets at FVTPL		
– Contingent consideration receivable	**30,000**	30,000
– Unlisted PRC fund investment	**3,003**	–
	33,003	30,000
Financial liabilities		
Financial liabilities at amortised cost	**325,615**	309,775

b. *Financial risk management objectives and policies*

The Group's major financial instruments include trade receivables, bills receivables, other receivables, financial asset at FVTPL, financial asset measured at amortised cost, contingent consideration receivable, cash and bank balances, trade and bills payables, accruals and other payables, loan from a shareholder and interest-bearing borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk, market risk (currency risk and interest rate risk) and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

35. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. As at 31 December 2024, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties, is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk of the Group mainly arises from bank balances, trade receivables, bills receivables, other receivables and financial asset measured at amortised cost. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets. The carrying amounts of these balances represent our Group's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL collectively by using a provision matrix, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For other non-traded related receivables and bills receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. The Group considers that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12-month ECL.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

In order to minimise credit risk, the management develops and maintains the Group's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the management uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

35. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk (Continued)

The Group's exposure to credit risk

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

Category	Description	Basis for recognising ECL of trade receivables at amortised cost	Basis for recognising ECL of other financial assets
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired	Lifetime ECL – not credit impaired	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired	Lifetime ECL – not credit impaired	Lifetime ECL – not credit impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred	Lifetime ECL – credit impaired	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The credit quality of the Group's financial assets and the Group's maximum exposure to credit risk by credit risk rating grades are disclosed in notes 22, 23 and 24 respectively.

The carrying amount of the Group's contingent consideration receivable and financial asset at FVTPL as disclosed in note 19 and 25 best represents their respective maximum exposure to credit risk. The Group holds no collateral over any of these balances.

35. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk (Continued)

The Group's exposure to credit risk (Continued)

As at 31 December 2024, the Group's concentration of credit risk by geographical locations is mainly in Japan and the PRC which accounted for 23% and 55% (2023: Japan and the PRC which accounted for 17% and 58%) respectively of the total receivables.

As at 31 December 2024, the Group has concentration of credit risk as 3% (2023: 1%) and 26% (2023: 20%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

As at 31 December 2023, the Group has concentration of credit risk in respect of bank's acceptance bills receivables as the Group's largest bills receivables from bank represented 100% (2024: nil) of the total bills receivables as at 31 December 2023. In addition, the Group's bills receivables from the top two major banks represented 100% (2024: nil) of the total bills receivables as at 31 December 2023.

Market risk

Foreign currency risk

The Group has foreign currency sales, which expose the Group to foreign currency risk. During the year ended 31 December 2024, approximately 65% (2023: 60%), of the Group's sales are denominated in currency other than the functional currency of the group entities making the sales, whilst almost 100% (2023: 100%) of costs are denominated in the group entity's respective functional currencies.

35. FINANCIAL INSTRUMENTS (Continued)

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

Market risk (Continued)

Foreign currency risk (Continued)

Also, certain trade and other receivables, cash and bank balances, other payables and loan from a shareholder are denominated in USD, RMB, HKD, GBP and EUR which are currencies other than the functional currency of the relevant group entities. The carrying amounts of the Group's major foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	2024	2023
	RMB'000	RMB'000
Assets		
USD	**8,699**	11,671
RMB	**2,467**	5,755
HKD	**3,510**	3,321
GBP	**156**	150
EUR	**14**	106
JPY	**126**	83
Liabilities		
USD	**4,772**	5,294
HKD	**5,252**	483

The Group currently does not have a foreign currency hedging policy. However, the directors of the Company continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

35. FINANCIAL INSTRUMENTS (Continued)

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

Market risk (Continued)

Foreign currency risk (Continued)

Sensitivity analysis

The Group entities are mainly exposed to the fluctuation of USD, RMB and HKD.

The following table details the Group's sensitivity to a 5% (2023: 5%) increase and decrease in the functional currency of the relevant group entities against the relevant foreign currencies. 5% (2023: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in relevant foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2023: 5%) change in foreign currency rates. The sensitivity analysis includes external loans where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower.

A positive number below indicates a increase/decrease in post-tax loss where the respective foreign currency strengthens 5% (2023: 5%) against the relevant functional currency. For a 5% (2023: 5%) weakening of the respective foreign currency against the relevant functional currency, there would be an equal and opposite impact on the profit or loss.

	USD impact	
	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Decrease in loss	**150**	251

	RMB impact	
	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Decrease in loss	**103**	240

35. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Foreign currency risk (Continued)

Sensitivity analysis (Continued)

	HKD impact	
	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
(Increase) decrease in loss	**(73)**	118

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to financial asset measured at amortised cost (note 24), fixed-rate interest-bearing borrowings (note 32) and interest-bearing other payable (note 28) and cash flow interest rate risk in relation to variable-rate interest-bearing bank balances (note 26) and interest-bearing borrowings (note 32). The Group currently does not have an interest rate hedging policy. However, the directors of the Company continuously monitor the related interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the interest rate on bank balance and interest rate offered from the People's Bank of China arising from the Group's interest-bearing borrowings.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments including bank balances and interest-bearing borrowings at the end of the reporting period. The analysis is prepared assuming these financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points (2023: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rate.

If interest rates had been 100 basis points (2023: 100 basis points) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2024 (2023: post-tax loss) would decrease/increase by approximately RMB439,000 (2023: RMB1,280,000).

35. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank and other borrowings.

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank and other borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

As at 31 December 2024	**On demand or within one year RMB'000**	**Total undiscounted cash flows RMB'000**	**Carrying amount RMB'000**
Non-derivative financial liabilities			
Trade and bills payables	**95,932**	**95,932**	**95,932**
Accruals and other payables	**52,827**	**52,827**	**52,827**
Loan from a shareholder	**9,456**	**9,456**	**9,456**
Interest-bearing borrowings			
– fixed rate	**139,400**	**139,400**	**139,400**
– variable rate	**28,000**	**28,000**	**28,000**
	325,615	**325,615**	**325,615**

35. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk (Continued)

Additional information about the maturity of lease liabilities is provided in the following table:

As at 31 December 2024	**Less than one year RMB'000**	**1-5 years RMB'000**	**Total undiscounted cash flows RMB'000**	**Carrying amount RMB'000**
Lease liabilities	**6,679**	**1,928**	**8,607**	**7,934**

As at 31 December 2023	On demand or within one year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Non-derivative financial liabilities			
Trade and bills payables	96,503	96,503	96,503
Accruals and other payables	51,289	51,289	51,289
Loan from a shareholder	4,583	4,583	4,583
Interest-bearing borrowings			
– fixed rate	109,400	109,400	109,400
– variable rate	48,000	48,000	48,000
	309,775	309,775	309,775

Additional information about the maturity of lease liabilities is provided in the following table:

As at 31 December 2023	Less than one year RMB'000	1-5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Lease liabilities	4,673	6,449	11,122	10,055

35. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk (Continued)

Borrowings with a repayment on demand clause are included in the "on demand or within one year" time band in the above maturity analysis. As at 31 December 2024 and 2023, the aggregate undiscounted principal amounts of these loans amounted to RMB167,400,000 and RMB157,400,000 respectively. Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the creditors will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to RMB175,528,000 (2023: RMB161,104,000), with the details as follow:

	Less than one year RMB'000	**Undiscounted cash flows RMB'000**	**Carrying amount RMB'000**
At 31 December 2024	**175,528**	**175,528**	**167,400**
At 31 December 2023	161,104	161,104	157,400

The amount included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

35. FINANCIAL INSTRUMENTS (Continued)

c. *Fair value measurements recognised in the consolidated statement of financial position*

The following table provides an analysis of financial instruments that are measured at fair value at the end of each reporting period, grouped into Levels 1 to 3 based on the degree to which the fair value is observable in accordance to the Group's accounting policy.

	At 31 December 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Financial assets at FVTPL:				
– Contingent consideration receivable	**–**	**–**	**30,000**	**30,000**
– Unlisted fund investement in PRC	**–**	**3,003**	**–**	**3,003**
	–	**3,003**	**30,000**	**33,003**

	At 31 December 2023			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at FVTPL:				
– Contingent consideration receivable	–	–	30,000	30,000

There were no transfers between level 1 and 2 of fair value hierarchy in the current and prior years.

35. FINANCIAL INSTRUMENTS (Continued)

c. *Fair value measurements recognised in the consolidated statement of financial position (Continued)*

Fair value of financial asset that are measured at fair value on a recurring basis

The valuation techniques and inputs used in the fair value measurements of each financial instruments on a recurring basis are set out below:

Financial instruments	Fair value hierarchy	Fair value as at 31 December 2024	Fair value as at 31 December 2023	Valuation technique and key inputs	Significant unobservable inputs	Range	Relationship of key inputs and significant unobservable inputs to fair value
Contingent consideration receivable	Level 3	**RMB30,000,000**	RMB30,000,000	Probability weighted method with income approach – By reference to the present value of the discounted cash flows model to be derived from the future cash flow , based on an appropriate discount rate	The bond risky rate	18% (2023: 18%)	The higher bond risky rate, the lower the fair value.
Unlisted fund investement in PRC	Level 2	**RMB3,003,000**	–	By reference to the fair value of the underlying assets held by the investment through the ownership	N/A	N/A	N/A

35. FINANCIAL INSTRUMENTS (Continued)

c. *Fair value measurements recognised in the consolidated statement of financial position (Continued)*

Fair value of financial assets that are measured at fair value on a recurring basis (Continued)

For recurring fair value measurements categorised within Level 3 of the fair value hierarchy, if the bond risky rate to the valuation model were 5% higher/lower while all the other variables were held constant, the contingent consideration receivable as at 31 December 2024 would decrease by RMB161,000 (2023: RMB86,000) or increase by RMB164,000 (2023: RMB99,000) respectively.

Reconciliation of Level 3 fair value measurements of financial asset on recurring basis:

	Contingent consideration receivable RMB'000
At 1 January 2023	**–**
Arising from acquisition of a subsidiary	**30,000**
At 31 December 2023, 1 January 2024 and 31 December 2024	**30,000**

36. ACQUISITION OF A SUBSIDIARY

On 8 May 2023, Hainan Guangxun International Investment Co., Ltd* ("**海南廣迅國際投資有限公司**") ("**Purchaser**"), a wholly owned PRC subsidiary of the Group, entered into an investment agreement with the existing shareholders of Youying ("**Seller**"), pursuant to which the Purchaser agreed to acquire 40% equity interest in Youying with a total consideration of RMB74,000,000, being the sum of: (i) the consideration to be satisfied by way of cash by the Purchaser to the Seller of RMB34,000,000; (ii) deemed consideration to the Seller of RMB24,000,000, which was calculated based on the capital injection of the Purchaser to Youying of RMB40,000,000 multiplied by the percentage of equity interest retained by the Seller of 60% after the acquisition. The deemed consideration was also regarded as deemed capital injection from the Seller to Youying.

Youying is engaged in the provision of space measurement services, industrial drones and measurement robots and its wholly-owned subsidiary, Bihu is engaged in provision of space measurement services. Youying and Bihu were acquired so as to capture the growth opportunities in the smart cities market in the PRC and diversify the revenue stream of the Group.

This acquisition had been accounted for using the acquisition method.

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

36. ACQUISITION OF A SUBSIDIARY (Continued)

Consideration transferred

	RMB'000
Cash consideration	27,200
Contingent consideration arrangement	3,400
Deemed consideration to the Seller	
– Capital injection to Youying	40,000
– Less: equity interests (40%) owned by the Group	(16,000)
Less: fair value of profit guarantee (Note 19)	(30,000)
Total consideration transferred	24,600

As at 31 December 2024 and 2023, an amount of RMB13,600,000 of cash consideration has not been paid to the Seller and included in line item "accruals and other payables" as consideration payable in Note 28. Up to the date of issue of these financial statements, the remaining consideration has not been paid up.

The contingent consideration arrangement requires the Group to pay, in cash, to the Seller, 20% of the total consideration with conditions upon completion of the registration of the relevant software copyrights as set out in the investment agreement, completion of the preliminary approval for certain invention patents, released and discharged a guarantee on an external loan, and settled certain inter-companies balances as set out in the investment agreement by 31 December 2023, up to a maximum undiscounted amount of RMB6,800,000.

The potential undiscounted amount of all future payments that the Group could be required to make under that arrangement was between nil and RMB6,800,000. The fair value of the contingent consideration arrangement of RMB3,400,000 was estimated by applying the probability weighted approach as at 31 December 2023. The fair value estimates were based on a discount rate of 1.98% and assumed probability-adjusted payment by condition completion of nil to RMB6,800,000. This was a level 3 fair value measurement.

The conditions precedent for contingent consideration were not fulfilled by 31 December 2023, a guarantee on an external loan was not yet released and discharged, and certain inter-companies balances as set out in the investment agreement were not yet settled. The Group's liability for contingent consideration payable had been released according to the investment agreement, and the contingent consideration payable had been derecognised during the year ended 31 December 2023.

Acquisition-related costs amounting to RMB198,000 had been excluded from the consideration transferred and had been recognised as an expense during the year ended 31 December 2023, within the administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

36. ACQUISITION OF A SUBSIDIARY (Continued)

Consideration transferred (Continued)

Assets acquired and liabilities recognised at the date of acquisition were as follows:

	RMB'000
Property, plant and equipment	426
Inventories	552
Prepayments and other receivables	16,324
Bank balances and cash	4,029
Trade payables	(202)
Accruals and other payables	(24,000)
Contract liabilities	(104)
	(2,975)

The fair value of other receivables at the date of acquisition approximated their gross contractual amounts and were expected to be fully recovered in the future.

Goodwill arising on acquisition:

	RMB'000
Consideration transferred	24,600
Plus: non-controlling interests (60% in Youying)	(1,785)
Less: net liabilities acquired	2,975
Goodwill arising on acquisition	25,790

The non-controlling interests (60%) in Youying recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net liabilities of Youying and amounted to approximately RMB1,785,000.

Goodwill arose on the acquisition of Youying because the acquisition included the assembled workforce of Youying and Bihu and some potential contracts which are still under negotiation with prospective new customers as at the date of acquisition. These benefits were not recognised separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions was expected to be deductible for tax purposes.

36. ACQUISITION OF A SUBSIDIARY (Continued)

Net cash outflow on acquisition of Youying and Bihu

	RMB'000
Cash consideration	27,200
Capital injection to Youying	40,000
Less: cash that had not been paid to the seller as at 31 December 2023	(37,600)
Less: cash and cash equivalent balances acquired	(4,029)
	25,571

Included in the loss for the year ended 31 December 2023 was RMB13,506,000 attributable to the additional business generated by Youying and Bihu. Revenue for the year ended 31 December 2023 includes RMB1,754,000 generated from Youying and Bihu.

Had the acquisition been completed on 1 January 2023, total revenue of the Group for the year ended 31 December 2023 would been had MB508,676,000, and loss for the year ended 31 December 2023 would have been RMB14,107,000. The pro forma information was for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2023, nor was it intended to be a projection of future results.

In determining the "pro-forma" revenue and profit of the Group had Youying and Bihu been acquired at the beginning of the current year, the directors of the Company had:

- calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements.

37. OPERATING LEASE ARRANGEMENT

The Group as lessor

The Group leases out investment property under operating leases. The leases typically run for an initial period of 10 years. None of the leases includes variable lease payments. An operating lease arrangement was entered by the Group and commenced from 1 January 2022 for 10 years.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2024 **RMB'000**	2023 RMB'000
Within 1 year	**150**	150
After 1 year but within 2 years	**150**	150
After 2 years but within 3 years	**150**	150
After 3 years but within 4 years	**150**	150
After 4 years but within 5 years	**150**	150
After 5 years	**300**	450
	1,050	1,200

38. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure interest-bearing borrowings (Note 31) of the Group at the end of the reporting period:

	2024 **RMB'000**	2023 RMB'000
Right-of-use assets	**9,393**	9,748
Buildings	**63,328**	71,287
	72,721	81,035

39. CAPITAL COMMITMENTS

	2024 **RMB'000**	2023 RMB'000
Amount contracted for but not provided for in the consolidated financial statements in respect of acquisition of property, plant and equipment	–	567

40. RETIREMENT BENEFIT SCHEMES

The employees employed in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The Group operates a Mandatory Provident Fund Scheme ("**MPF Scheme**") for all qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The assets of the schemes are held separately from those of the Group, in independently administered funds. Monthly contributions made by the subsidiaries are calculated based on certain percentages of the applicable payroll costs or fixed sums as stipulated under the relevant requirements, as appropriate. The employees are required to contribute 5% of their monthly salaries or up to a maximum of HKD1,500 and they can choose to make additional contributions. The employees are entitled to 100% of the employer's mandatory contributions upon their retirement at the age of 65, death or total incapacity.

The total cost charged to profit or loss of approximately RMB17,126,000 (2023: RMB16,541,000) represents contributions payable to these schemes by the Group in respect of the current accounting period.

Long Service Payment Liabilities

Obligation to long service payments ("LSP") under Hong Kong Employment Ordinance

Pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay LSP to employees in Hong Kong under certain circumstances, subject to a minimum of 5 years employment period, based on this formula: Last monthly wages (before termination of employment) × 2/3 × Years of service. Last monthly wages are capped at HK$22,500 while the amount of long service payment shall not exceed HK$390,000. This obligation is accounted for as a post-employment defined benefit plan.

Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group's Mandatory Provident Fund contributions, plus/minus any positive/negative returns thereof (collectively, the "**Eligible Offset Amount**"), for the purpose of offsetting LSP payable to an employee (the "**Offsetting Arrangement**").

40. RETIREMENT BENEFIT SCHEMES (Continued)

Long Service Payment Liabilities (Continued)

Obligation to long service payments ("LSP") under Hong Kong Employment Ordinance (Continued)

The Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**") was gazetted on 17 June 2022, which will eventually abolish the Offsetting Arrangement. The Amendment Ordinance will come into effect prospectively from 1 May 2025 (the "**Transition Date**"). Under the Amendment Ordinance, the Eligible Offset Amount after the Transition Date can only be applied to offset the pre-Transition Date LSP obligation but no longer eligible to offset the post-Transition Date LSP obligation. Furthermore, the LSP obligations before the Transition Date will be grandfathered and calculated based on the last monthly wages immediately preceding the Transition Date.

The Group has considered the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

41. MATERIAL RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with related parties.

Compensation of key management personnel

The emolument of the directors of the Company and other members of key management during the year was as follows:

	2024 **RMB'000**	2023 RMB'000
Short-term benefits	**14,583**	15,532
Post-employment benefits	**723**	370
	15,306	15,902

The emolument of directors of the Company and key executives is determined by the board of directors having regard to the performance of individuals and market trends.

Details of the balances with related companies at the end of the reporting period are set out in the consolidated statement of financial position and in respective notes.

42. LITIGATION

Shenzhen Ibimfish Square Technology Cp., Ltd.* ("**深圳比目鱼平方科技有限公司**") ("**Shenzhen Ibimfish**") sued Youying in June 2023 in relation to a default of debt of approximately RMB5,026,000 and overdue interest expenses, which were calculated based on the debt amount with interest rate of 3.55% p.a. and calculated from 5 August 2023 until the debt was fully settled. The Shenzhen Qianhai Cooperation Zone People's Court made a judgment against Youying and ordered Youying to repay the debt of RMB5,026,000 with an interest rate of 3.55% p.a. to Shenzhen Ibimfish. A bank deposit of RMB5,026,000 has been seized by the court. Youying appealed against such judgment and the Shenzhen Intermediate People's Court had accepted the appeal and the first hearing was expected to be held in April 2024.

Youying sued Eagle Eye Precision Testing Technology (Shenzhen) Co., Ltd.* ("**鷹眼精測技术(深圳)有限公司**") ("**Eagle Eye**") (a former related company of Shenzhen Ibimfish) in November 2023 in relation to the default of debt of approximately RMB3,780,000 and overdue interest expenses. Youying claimed that both Shenzhen Ibimfish and Ibimfish Vision Technology (Shenzhen) Co., Ltd.* ("**比目鱼视界科技(深圳)有限公司**") ("**Ibimfish Vision**") should bear joint liability for the repayment of such debt for their former related company. Such a casue was accepted by the Shenzhen Nanshan District People's Court in April 2024.

Ibimfish Vision sued Youying in June 2023 and claimed that Ibimfish Vision is the joint right owner of certain utility model patents and software copyrights which were registered in Youying's name alone. Such a case was accepted by the Shenzhen Intermediate People's Court in March 2024.

On 17 April 2024, the three cases were settled out of court, with Youying, Shenzhen Ibimfish, Eagle Eye, and Ibimfish Vision jointly confirming that Youying owed the other three parties a total amount of approximately RMB 1,746,000. The other three parties agreed, and Youying promised that it would pay this total amount to Shenzhen Ibimfish within 5 working days from the effective date of the court mediation agreement, thus concluding the debts and obligations among the four parties. The court mediation agreement became effective on 19 April 2024, and the amount of approximately RMB 1,746,000 was fully paid by Youying to Shenzhen Ibimfish before the requested date. Additionally, the restricted bank deposit of RMB 5,026,000 was released during the year ended 31 December 2024.

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

43. MAJOR NON-CASH TRANSACTIONS

(a) During the year ended 31 December 2024, the Group entered into new arrangements in respect of office and staff quarter. Right-of-use assets and lease liabilities of approximately RMB2,240,000 (2023: RMB10,877,000) were recognised at the commencement of the lease.

(b) During the year ended 31 December 2024, the Group had a total addition of plant, property and equipment amounting to approximately RMB22,191,000 (2023: RMB8,636,000), out of which approximately RMB365,000 (2023: RMB714,000) was settled by the deposit paid in year ended 31 December 2023.

(c) During the year ended 31 December 2024, the Group early terminated a lease of staff quarter and derecognised right-of-use assets and lease liabilities of approximately RMB299,000 (2023: nil) and RMB217,000 (2023: nil) respectively, resulting in a loss on early termination of lease agreement of approximately HK$82,000 (2023: nil) being recognised in the consolidated statement of profit or loss and other comprehensive income for the year.

44. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes					
	1 January 2024 RMB'000	Financing cash flows RMB'000	Government grants receivable RMB'000	New lease arrangements RMB'000 (Note 43(a))	Early termination of lease RMB'000 (Note 43(c))	Finance cost incurred RMB'000	Foreign exchange movements RMB'000	31 December 2024 RMB'000
Interest-bearing borrowings (Note 31)	157,400	10,000	-	-	-	-	-	167,400
Government grants received	-	317	(317)	-	-	-	-	-
Accrued interest	-	(9,817)	-	-	-	9,817	-	-
Loan from a shareholder (Note 30)	4,583	4,619	-	-	-	-	254	9,456
Lease liabilities (Note 17)	10,055	(5,002)	-	2,240	(217)	712	146	7,934
Total	172,038	117	(317)	2,240	(217)	10,529	400	184,790

44. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (Continued)

	1 January 2023 RMB'000	Financing cash flows RMB'000	Non-cash changes: Government grants receivable RMB'000	Non-cash changes: New lease arrangements RMB'000 (Note 43(a))	Non-cash changes: Finance cost incurred RMB'000	Non-cash changes: Foreign exchange movements RMB'000	31 December 2023 RMB'000
Interest-bearing borrowings (Note 31)	103,000	54,400	–	–	–	–	157,400
Government grants received	–	412	(412)	–	–	–	–
Accrued interest	–	(5,168)	–	–	5,168	–	–
Loan from a shareholder (Note 30)	4,454	–	–	–	–	129	4,583
Lease liabilities (Note 17)	4,330	(5,874)	–	10,877	611	111	10,055
Total	111,784	43,770	(412)	10,877	5,779	240	172,038

45. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the subsidiaries as at 31 December 2024 and 2023 are as follows:

Name	Place of incorporation/ registration and operations	Class of shares held	Nominal value of issued ordinary/ registered share capital	Proportion of ownership interest held by the Company 2024	Proportion of ownership interest held by the Company 2023	Proportion of voting power held by the Company 2024	Proportion of voting power held by the Company 2023	Principal activities
Directly held								
Grand Concord Holdings Group Limited	BVI	Ordinary	USD1	**100%**	100%	**100%**	100%	Investment holding
Indirectly held								
Grand Concord Holding (Hong Kong) Limited 廣豪集團(香港)有限公司	Hong Kong	Ordinary	HKD70,000,000	**100%**	100%	**100%**	100%	Investment holding
Grand Concord Garment (Hong Kong) Limited 廣豪服飾(香港)有限公司	Hong Kong	Ordinary	HKD1	**100%**	100%	**100%**	100%	Trading of garments
Greatime Investment Holdings Limited 廣泰投資控股有限公司	Hong Kong	Ordinary	HKD100	**100%**	100%	**100%**	100%	Investment holding

45. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

Name	Place of incorporation/ registration and operations	Class of shares held	Nominal value of issued ordinary/ registered share capital	Proportion of ownership interest held by the Company		Proportion of voting power held by the Company		Principal activities
				2024	2023	**2024**	2023	
Indirectly held (continued)								
Zhucheng Eternal Knitting Co., Limited 諸城裕泰針織有限公司 (notes (a) and (d))	The PRC	Ordinary	USD16,300,000	**100%**	100%	**100%**	100%	Manufacture of innerwear
Zhucheng Yumin Knitting Co., Limited 諸城裕民針織有限公司 (notes (a) and (d))	The PRC	Ordinary	USD15,900,000	**100%**	100%	**100%**	100%	Manufacture of fabrics, provision of fabric weaving knitting, printing and dyeing services
Shandong Shundu International Trading Limited 山東順都國際貿易有限公司 (notes (a) and (d))	The PRC	Ordinary	USD1,500,000	**100%**	100%	**100%**	100%	Trading of garments
Zhucheng Yuan Knitting Co., Limited 諸城裕安針織有限公司 (notes (a) and (d))	The PRC	Ordinary	RMB5,000,000	**100%**	100%	**100%**	100%	Manufacture of innerwear and garments
Hainan Guangxun International Investment Co., Ltd 海南廣迅國際投資有限公司 (notes (a) and (d))	The PRC	Ordinary	RMB150,000,000	**100%**	100%	**100%**	100%	Investment holding
Youying 優鷹智能科技(深圳)有限公司 (notes (b), (c) and (d))	The PRC	Ordinary	RMB16,655,200	**40%**	40%	**40%**	40%	Provision of space measurement services, industrial drones and measurement robots

45. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

Name	Place of incorporation/ registration and operations	Class of shares held	Nominal value of issued ordinary/ registered share capital	Proportion of ownership interest held by the Company		Proportion of voting power held by the Company		Principal activities
				2024	2023	**2024**	2023	
Indirectly held (continued)								
Bihu 長寬必虎數字科技(深圳)有限公司 (notes (b), (c) and (d))	The PRC	Ordinary	RMB5,000,000	**40%**	40%	**40%**	40%	Provision of space measurement services
Youying Intelligent Technology (Chengdu) Co., Ltd ("**Youying Chengdu**") 優鷹智能科技(成都)有限公司 (notes (b), (c) and (d))	The PRC	Ordinary	RMB5,000,000	**40%**	40%	**40%**	40%	Provision of space measurement services, industrial drones and measurement robots
Yuhua Company Limited	Myanmar	Ordinary	MMK100,000,000	**100%**	100%	**100%**	100%	Manufacturing of garments
Jade Blue Company Limited	Myanmar	Ordinary	USD5,200,000	**100%**	100%	**100%**	100%	Manufacturing of fabrics

Notes:

(a) The entity is wholly foreign owned enterprise established in the PRC.

(b) The entity is limited company establisted in the PRC.

(c) The Group holds significantly more voting rights than any other vote holder, and the Group has the right to appoint four out of seven members of the board of directors of Youying as stated in the amended articles of association of Youying, so the Group has the control over Youying and its whole owned subsidiaries, Bihu and Youying Chengdu.

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

None of the subsidiaries had issued debt securities at the end of the years 31 December 2024 and 2023 or at any time during both years.

46. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment		**25**	34
Right-of-use assets		**751**	1,520
Unlisted investment in a subsidiary	(a)	**22,194**	24,370
		22,970	25,924
Current assets			
Prepayments and other receivables		**437**	416
Amount due from a subsidiary	(a)	**–**	–
Cash and bank balances		**2,131**	7,160
		2,568	7,576
Current liabilities			
Accruals and other payables		**535**	484
Loan from a shareholder (Note 30)		**9,456**	4,583
Lease liabilities		**842**	796
		10,833	5,863
Net current (liabilities) assets		**(8,265)**	1,713
Total assets less current liabilities		**14,705**	27,637
Non-current liability			
Lease liabilities		**–**	815
		14,705	26,822
Capital and reserves			
Share capital (Note 32)		**148,929**	148,929
Reserves	(b)	**(134,224)**	(122,107)
Total equity		**14,705**	26,822

46. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Notes:

(a) For the year ended 31 December 2024, accumulated impairment of approximately RMB5,877,000 on unlisted investment in a subsidiary and accumulated impairment of approximately RMB68,643,000 on amount due from a subsidiary (2023: RMB3,701,000 and 66,291,000) were recognised.

Amount due from a subsidiary is unsecured, non-interest bearing and repayable on demand.

(b) Movement in the Company's reserves

	Other reserve RMB'000 (Note)	Accumulated losses RMB'000	Total RMB'000
As at 1 January 2023	27,988	(72,432)	(44,444)
Loss and total comprehensive expense for the year	–	(77,663)	(77,663)
As at 31 December 2023 and 1 January 2024	27,988	(150,095)	(122,107)
Loss and total comprehensive expense for the year	–	(12,117)	(12,117)
As at 31 December 2024	27,988	(162,212)	(134,224)

Note: Other reserve represented the difference between the nominal value of the shares of the Company issued and net asset values of Grand Concord Holding (Hong Kong) Limited upon group reorganisation undertook in 2011.