



2025

INTERIM REPORT

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



bonny 博尼

浙江博尼时尚控股集团有限公司

00

CONTENTS

| | |
|--|----|
| Corporate Information | 2 |
| Management Discussion and Analysis | 4 |
| Other Information | 12 |
| Interim Condensed Consolidated Statement of Profit or Loss | 17 |
| Interim Condensed Consolidated Statement of Comprehensive Income | 18 |
| Interim Condensed Consolidated Statement of Financial Position | 19 |
| Interim Condensed Consolidated Statement of Changes in Equity | 21 |
| Interim Condensed Consolidated Statement of Cash Flows | 22 |
| Notes to Interim Condensed Consolidated Financial Information | 24 |

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Ms. Gong Lijin
Ms. Huang Jingyi

Independent non-executive Directors

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

COMPANY SECRETARY

Mr. Zhao Hui
Mr. Yip Ngai Hang

AUTHORISED REPRESENTATIVES

Mr. Zhao Hui
Mr. Yip Ngai Hang

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Mr. Jin Guojun (*Chairman*)
Ms. Gong Lijin
Mr. Chan Yin Tsung
Mr. Chow Chi Hang Tony
Dr. Wei Zhongzhe

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

WEBSITE OF THE COMPANY

www.bonnychina.com

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITOR

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

LEGAL ADVISER AS TO HONG KONG LAWS

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

PRINCIPAL BANKERS

China Construction Bank (Yiwu Branch)
Industrial and Commercial Bank of China Limited
(Yiwu Branch)
Zhejiang Yiwu Rural Commercial Bank Co., Ltd.
(Business Department)

STOCK CODE

1906

Management Discussion and Analysis

The board (the “**Board**”) of directors (the “**Directors**”) of Bonny International Holding Limited (the “**Company**”) hereby presents the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (together, the “**Group**”) for the six months ended 30 June 2025 (the “**Reporting Period**”) together with the comparative figures of the year ended 30 June 2024 (the “**Corresponding Period**”).

BUSINESS AND FINANCIAL REVIEW

The Group is principally engaged in the design, research and development, manufacturing and sales of seamless and traditional intimate wear products through its subsidiaries. It focuses on providing manufacturing solutions of one-stop intimate wear for the original design manufacturers (the “**ODM**”) in the PRC and overseas, and selling traditional intimate wear products under the “Bonny” brand through the retail network in the PRC. The Group offers a wide variety of products, such as bras and shorts, underwear sets, casual apparels, sportswear and loungewear products.

The proportion of domestic and foreign trade in the Group’s ODM business segment exceeds 50%, and its sales performance is highly susceptible to fluctuations in the global trade environment. In the first half of 2025, China’s textile and apparel industry faced a complex and challenging external environment, with significantly increased pressure on exports. According to data from China Customs, the total export value of China’s textile and apparel products amounted to US\$143.978 billion from January to June 2025, representing a year-on-year increase of 0.76%. Of this, textile exports totalled US\$70.519 billion, representing an increase by 1.77% year-on-year, while apparel exports amounted to US\$73.459 billion, representing a decrease by 0.2% year-on-year. Following the frequent adjustments in the trade policies of the United States in the second quarter, the industry’s exports to the United States showed significant volatility. In April and May, China’s exports of textiles and apparel to the United States recorded a year-on-year decline of approximately 20%. In the first half of 2024, export revenue from the Group’s ODM products segment accounted for approximately 65.9% of total revenue, with the top three shipment destinations being the United States, Germany, and Canada. In the first half of 2025, the top three shipment destinations by export revenue were Germany, the United States, and the Netherlands, with export revenue to the United States decreasing by approximately 47.5%. In addition, the domestic retail market in China remained weak, with increasingly cautious consumer sentiment. As a result, the Group’s domestic revenue from the ODM products segment and the revenue from the self-operated brands product segment decreased by 45.7% and 4.3%, respectively.

The revenue analysis by business segment and sales region is as follows:

For the six months ended 30 June

| | 2025 RMB'000 (Unaudited) | 2024 RMB'000 (Unaudited) | The changes |
|--|--------------------------------|--------------------------------|-------------|
| Brand products | 17,850 | 18,646 | -4.3% |
| ODM products-Geographical markets | | | |
| Germany | 33,079 | 24,563 | 34.7% |
| United States of America | 19,897 | 37,903 | -47.5% |
| Mainland China | 16,561 | 30,500 | -45.7% |
| Netherlands | 9,549 | 7,000 | 36.4% |
| Canada | 9,140 | 14,823 | -38.3% |
| Other countries or regions | 10,130 | 10,508 | -3.6% |
| Total | 116,206 | 143,943 | -19.3% |

During the Reporting Period, despite a decline in revenue, the Group recorded a profit attributable to owners of the Company of approximately RMB1.2 million, primarily due to: (i) maintaining a gross profit margin of approximately 33.0% through effective cost control, representing a slight increase compared to approximately 29.2% for the corresponding period last year; and (ii) the inclusion of lease income of approximately RMB8.9 million.

Revenue

Revenue for the Reporting Period amounted to approximately RMB116.2 million, representing a decrease of approximately RMB27.7 million, or approximately 19.2%, as compared to approximately RMB143.9 million for the corresponding period of last year.

Revenue of the ODM products segment for the Reporting Period amounted to approximately RMB 98.4 million, representing a decrease of approximately RMB26.9 million, or approximately 21.5%, as compared to approximately RMB125.3 million for the corresponding period of last year. The decrease was mainly due to: i) the severe impact on global trade under U.S. tariff policies, which weakened the price edge of the Group's products, leading overseas customers to adopt a wait-and-see attitude and reduce orders, resulting in an approximately 13.7% decrease in the export revenue from the ODM product segment; and ii) the weak domestic economy and the depressed consumer sentiment, along with the intense retail market competition, which deteriorated the businesses and profitabilities of the Group's domestic clients from the ODM product segment, resulting in an approximately 45.7% decrease in domestic revenue from the ODM product segment;

Revenue of the brand products segment for the Reporting Period amounted to approximately RMB17.8 million, representing a decrease of approximately RMB0.8 million, or approximately 4.3%, as compared to approximately RMB18.6 million for the corresponding period of last year. The decrease was mainly due to the Group's self-owned brands still building competitiveness and encountering challenges in overcoming growth constraints. As at 30 June 2025, the Group operated 104 self-managed retail outlets (including 97 concession counters and 7 standalone stores) and 9 self-managed franchised retail outlets, in the Mainland and China, which did not take into account distributors or multiple layers of franchisees. The total number of the Group's retail outlets decreased from 116 as at 31 December 2024 to 113 as at 30 June 2025.

Gross profit margin

Gross profit margin for the Reporting Period amounted to approximately 33.0%, representing an increase as compared to approximately 29.2% for the corresponding period of last year. The improvement of Gross Profit margin was primarily due to the Group's timely scaling down of workshop teams and reduction of outsourced processes in response to the decline in forecast orders, thereby achieving effective cost control.

Other Income and Gains

Other income and gains for the Reporting Period was approximately RMB11.6 million, representing a slight increase as compared to approximately RMB10.8 million for the corresponding period of last year. Of which, lease income amounted to approximately RMB8.9 million during the Reporting Period, representing an increase of approximately RMB0.8 million as compared to the corresponding period of last year due to newly leased areas.

Selling and Distribution Expenses

Selling and distribution expenses for the Reporting Period were approximately RMB20.8 million, representing a slight increase as compared to approximately RMB20.2 million for the corresponding period of last year.

Administrative and Other Expenses

Administrative and other expenses for the Reporting Period were approximately RMB24.7 million, representing an increase of approximately RMB1.2 million, or approximately 5.1%, as compared to approximately RMB23.5 million for the corresponding period of last year. The increase was mainly due to the inclusion of new leasing expenses of approximately RMB0.3 million and losses of approximately RMB0.5 million for writing off bad totals of customers during the Reporting Period.

Finance Costs

Finance costs for the Reporting Period were approximately RMB3.2 million, representing a decrease of approximately RMB0.3 million, or approximately 8.6%, from approximately RMB3.5 million for the corresponding period last year. The decrease was mainly due to the decline in the average balance of short-term borrowings during the Reporting Period, resulting in a corresponding decrease in interest.

Income tax expense

Income tax expense for the Reporting Period amounted to approximately RMB0.2 million, maintaining in a similar level when comparing to the corresponding paid of 2024.

Profit attributable to owners of the Company

As a result of the factors mentioned above, the Group recorded a profit attributable to owners of the Company of approximately RMB1.2 million for the first half of the financial year 2025, representing a decrease of approximately RMB4.1 million or approximately 77.4% as compared to approximately RMB 5.3 million for the same period last year.

Production Capacity

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

Human Resources

The number of full-time employees of the Group decreased to 611 as at 30 June 2025 (31 December 2024: 777). The decrease in the number of employees was mainly due to: i) certain employees resigning as a result of reduced orders and lower piece-rate wages; and (ii) the Group streamlining its headcount through organisational restructuring. The employee benefit expense (excluding directors' and chief executive's remunerations) for the Reporting Period was approximately RMB34.2 million, representing a decrease of approximately RMB4.7 million, or approximately 12.1%, as compared to approximately RMB38.9 million for the corresponding period of last year. The Group participates in retirement insurance, medicare, unemployment insurance and housing funds according to the applicable laws and regulations of the PRC for its employees in the PRC and makes contributions to the Mandatory Provident Fund Scheme of Hong Kong for its employees in Hong Kong. The Group remunerates its employees in accordance with their work performance and experience. The remuneration packages are subject to review on a regular basis.

OUTLOOK

The Group's management is fully aware that trade protectionism will persist in the current and foreseeable future, and that the domestic and overseas market conditions are unlikely to improve in the short term. Enterprises that rely on low value-added products and relatively single-market strategies will inevitably be unable to sustain themselves in the current complex and volatile economic environment. The Group is operating in a challenging environment, and the outlook remains bleak. In response, the Group has adopted the following measures:

1. Continue to monitor the tariff dynamics between the United States and relevant countries, maintain communication channels with customers, and adjust product pricing in a timely manner;
2. Actively explore diversified international markets while deepening its presence in the domestic market to continuously enhance risk resilience;
3. Strive to improve product quality and design innovation capabilities to enhance product competitiveness; and
4. Strengthen self-operated retail capabilities, strictly control the opening of new stores, proactively develop core customers, and enhance customer loyalty.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flow and banking facilities provided by its principal bankers. As at 30 June 2025, the Group had cash and cash equivalents, which are mostly denominated in Renminbi, U.S. dollars and Hong Kong dollars currency unit, of approximately RMB7.6 million (31 December 2024: approximately RMB7.7 million). The interest-bearing liabilities as at 30 June 2025 were approximately RMB213.5 million (31 December 2024: approximately RMB167.9 million) with interest rates ranging from approximately 4.25% to 4.85% per annum. The Group's gearing ratio as at 30 June 2025, calculated based on net debts to the total capital and net debts, was approximately 44.05% (as at 31 December 2024: approximately 42.57%). The Group recorded net current liabilities of approximately RMB63.6 million as of 30 June 2025. During the Reporting Period, no financial instruments had been used for hedging purpose.

FOREIGN EXCHANGE RISK

The monetary assets and liabilities and business transaction of the Group are mainly carried out and conducted in Renminbi, U.S. dollars and Hong Kong dollars. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and to mitigate the impact on exchange rate fluctuations by entering into currency hedge arrangement, if necessary. During the Reporting Period, no forward foreign exchange or hedging contracts had been entered into by the Group. The Group will continue to evaluate the Group's foreign currency exposure and take actions as appropriate.

MATERIAL ACQUISITIONS AND DISPOSALS

For the Reporting Period, the Group did not make material acquisitions or disposals of subsidiaries, associates and joint ventures.

CAPITAL COMMITMENTS

As at 30 June 2025, the Group had total capital commitments of RMB10.1 million (as at 31 December 2024: RMB65.7 million), primarily related to the construction of factory building 6 of the Beiyuan Production Site.

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

CONTINGENT LIABILITIES

As at 30 June 2025, the Group did not have any significant contingent liabilities.

PLEDGE OF ASSETS

As at 30 June 2025, save for i) the Group's buildings and machinery and equipment situated in Chinese Mainland, which had a net carrying value of RMB167.9 million as at 30 June 2025 (31 December 2024: RMB171.2 million); ii) the Group's investment properties situated in Chinese Mainland, which had a carrying amount of RMB303.3 million (31 December 2024: RMB268.1 million); and iii) the Group's leasehold land situated in Chinese Mainland, which had a net carrying value of RMB20.6 million (31 December 2024: RMB20.9 million) which were pledged to secure general banking facilities, the Group did not pledge any other assets.

THE USE OF PROCEEDS OF RIGHTS ISSUE

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

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

| | Allocation of the Net Proceeds of the Rights Issue HK\$ million | Utilized Net Proceeds of the Rights Issue as at 30 June 2025 HK\$ million | Unutilized Net Proceeds of the Rights Issue as at 30 June 2025 HK\$ million |
|------------------------------------|--|--|--|
| General working capital | 54.1 | 54.1 | 0.0 |
| Purchase of equipment | 7.4 | 4.8 | 2.6 |
| New Product Research & Development | 3.5 | 3.5 | 0.0 |
| Total | 65.0 | 62.4 | 2.6 |

SUBSEQUENT EVENT

As at 30 June 2025 and up to the date of this report, the Group had no significant event occurred which would materially affect the Group's operating and financial performance.

EMPLOYEES AND REMUNERATION POLICY

The Group's remuneration policy is to compensate its employees based on their performance, qualifications and the Group's operational results. The total remuneration of employees includes basic salaries and performance bonus. Directors and senior management of the Group receive compensation in the form of fees, salaries, allowances, discretionary bonus, defined contribution plans and other benefits in kind with reference to those paid by comparable companies, time commitment and the performance of the Group. The Group also reimburses its Directors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to the Group or executing their functions in relation to the operations of the Group. The Group regularly reviews and determines the remuneration and compensation packages (including incentive plans) of its Directors and senior management, by reference to, among other things, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of its Directors and senior management and the performance of the Group. The Company has adopted a share option scheme on 19 March 2019 as incentive or reward to the Directors, senior management and other selected participants. The employees of the Company's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government (the "**Central Pension Scheme**"), which is also considered as a defined contribution plan and these subsidiaries are required to contribute certain percentage of employees' salaries to the Central Pension Scheme. The Group has no further payment obligations once the contributions have been paid. All contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees and when they fall due under the relevant regulations. No forfeited contributions could be used by employer to reduce the existing level of contributions.

SIGNIFICANT INVESTMENTS HELD

As at 30 June 2025, the Group did not hold any significant investment in equity interest in any other company.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2025, the Group did not have other future plans for material investments and capital assets.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities.

CORPORATE GOVERNANCE MEASURES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Board has adopted the principles and the code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) to ensure that the Company’s business activities and decision making processes are regulated in a proper and prudent manner. The Company had complied with all the applicable code provisions under the CG Code during the Reporting Period, save and except for deviation from code provision C.2.1 of the CG Code.

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

Save as disclosed above, during the Reporting Period, the Company has complied with all the applicable code provisions of the CG Code.

AUDIT COMMITTEE

As at the date of this report, the audit committee of the Company (the “**Audit Committee**”) currently consists of three independent non-executive Directors, being Mr. Chan Yin Tsung, Mr. Chow Chi Hang Tony and Dr. Wei Zhongzhe. Mr. Chan Yin Tsung currently serves as the chairman of the Audit Committee.

The Audit Committee has reviewed the Group’s unaudited interim condensed consolidated financial information for the six months ended 30 June 2025 and the accounting principles and practices adopted and discussed auditing, internal control and financial reporting matters. The Audit Committee is of the view that the applicable accounting standards and requirements have been complied with by the Company and that appropriate disclosure have been made.

REMUNERATION COMMITTEE

As at the date of this report, the remuneration committee of the Company (“**Remuneration Committee**”) currently consists of two independent non-executive Directors, namely Mr. Chan Yin Tsung and Dr. Wei Zhongzhe and one executive Director, namely Mr. Jin Guojun. Dr. Wei Zhongzhe is the chairman of the Remuneration Committee. The primary responsibilities of the Remuneration Committee include, among others, evaluating the performance and making recommendation on the remuneration package of the Directors and senior management, and evaluating and making recommendation on the share award plan of the Company.

NOMINATION COMMITTEE

As at the date of this report, the nomination committee of the Company (the “**Nomination Committee**”) currently consists of one executive Director, namely Mr. Jin Guojun, one non-executive Director, namely Ms. Gong Lijin, and three independent non-executive Directors, namely Mr. Chan Yin Tsung, Mr. Chow Chi Hang Tony and Dr. Wei Zhongzhe. Mr. Jin Guojun is the chairman of the Nomination Committee. The primary responsibilities of the Nomination Committee include, among others, considering and recommending to the Board suitably qualified persons to become the member of the Board and reviewing the structure, size and composition of the Board on a regular basis and as required.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

INTERIM DIVIDEND

The Board did not declare the payment of an interim dividend for the Reporting Period (30 June 2024: nil).

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

As at 30 June 2025, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”)), which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have taken under such provisions of the SFO), or were recorded in the register required to be kept under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long position in the issued Shares

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

Notes:

- As at 30 June 2025, the total number of issued Shares of the Company is 1,471,123,710, which has been used for the calculation of the approximate percentages which are not rounded up.
- These Shares are held by Maximax Holding Corporation (“**Maximax**”), which is wholly owned by Mr. Jin. By virtue of the SFO, Mr. Jin is deemed to be interested in the Shares held by Maximax.
- Mr. Jin is the spouse of Ms. Gong Lijin. By virtue of the SFO, Ms. Gong Lijin is deemed to be interested in the Shares interested by Mr. Jin.

Long Position in the shares of associated corporations of the Company

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

Note:

- Maximax is one of the controlling shareholders of the Company and is wholly owned by Mr. Jin.

Save as disclosed above, as at 30 June 2025, none of the Directors or chief executive of the Company had any interest or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have taken under such provisions of the SFO), or were recorded in the register required to be kept under Section 352 of the SFO, or as otherwise were notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2025, so far as known to the Directors, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the Shares or underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long position in issued Shares

| Name of Shareholder | Capacity/Nature of Interest | Number of Shares or underlying shares | Approximate percentage of shareholding ^(Note 1) |
|--|---|---------------------------------------|--|
| Maximax | Beneficial Owner | 793,125,000 ^(Note 2) | 53.91% |
| Yiwu Financing Guarantee Co., Ltd.* (義烏市融資擔保有限公司) | Person having a security interest in the shares | 243,025,715 | 16.52% |
| Hong Kong Jun He Limited (香港俊和有限公司) | Person having a security interest in the shares | 550,099,285 | 37.39% |

Note:

- As at 30 June 2025, the total number of issued Shares of the Company is 1,471,123,710, which has been used for the calculation of the approximate percentages which are not rounded up.
- As at 30 June 2025, Maximax has pledged 793,125,000 shares of the Company as Security and it is not intended to provide guarantee for the Company's debts or the Company's warranties or as support for other obligations.

* For identification purpose only

Save as disclosed above, as at 30 June 2025, the Directors were not aware of any other persons (other than the Directors or chief executives of the Company) had interests or short positions in the Shares or underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURE

Save as disclosed in the paragraph headed "Share Option Scheme" below, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares, or debt securities, including debentures, of the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities.

CHANGE IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE

There has been no change in the information of the Directors and chief executive required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the Reporting Period.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 19 March 2019. As at the date of this report, in accordance with the Share Option Scheme, the total number of shares available for issue was 120,000,000, representing approximately 8.16% of the Company's issued shares (based on 1,471,123,710 shares in issue). No share option has been granted by the Company under the Share Option Scheme, exercised, lapsed or cancelled since the date of its adoption.

SUFFICIENCY OF PUBLIC FLOAT

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

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2025

| | Notes | 2025 (Unaudited) RMB'000 | 2024 (Unaudited) RMB'000 |
|---|-------|--------------------------------|--------------------------------|
| REVENUE | 4 | 116,206 | 143,943 |
| Cost of sales | | (77,865) | (101,926) |
| Gross profit | | 38,341 | 42,017 |
| Other income and gains | | 11,637 | 10,776 |
| Selling and distribution expenses | | (20,769) | (20,197) |
| Administrative expenses | | (14,680) | (14,127) |
| Impairment losses on financial assets, net | | (531) | (307) |
| Other expenses | | (9,470) | (9,091) |
| Finance costs | | (3,178) | (3,547) |
| PROFIT BEFORE TAX | 5 | 1,350 | 5,524 |
| Income tax expense | 6 | (178) | (185) |
| PROFIT FOR THE PERIOD | | 1,172 | 5,339 |
| Attributable to: | | | |
| Owners of the parent | | 1,173 | 5,341 |
| Non-controlling interests | | (1) | (2) |
| | | 1,172 | 5,339 |
| EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT | 8 | | |
| Basic and diluted | | RMB 0.1 cent | RMB 0.4 cent |

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2025

| | 2025 (Unaudited) RMB'000 | 2024 (Unaudited) RMB'000 |
|--|--------------------------------|--------------------------------|
| PROFIT FOR THE PERIOD | 1,172 | 5,339 |
| OTHER COMPREHENSIVE INCOME | | |
| Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods: | | |
| Exchange differences on translation of foreign operations | 3,253 | (2,143) |
| Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods: | | |
| Exchange differences on translation of foreign operations | (5,754) | 2,213 |
| OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX | (2,501) | 70 |
| TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD | (1,329) | 5,409 |
| Attributable to: | | |
| Owners of the parent | (1,328) | 5,411 |
| Non-controlling interests | (1) | (2) |
| | (1,329) | 5,409 |

Interim Condensed Consolidated Statement of Financial Position

30 June 2025

| | | 30 June 2025 (Unaudited) RMB'000 | 31 December 2024 (Audited) RMB'000 |
|---|-------|---|---|
| | Notes | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 9 | 190,775 | 192,466 |
| Advance payments for property, plant and equipment | | 12,178 | 999 |
| Investment properties | | 303,346 | 268,103 |
| Right-of-use assets | | 31,397 | 27,970 |
| Intangible assets | | 987 | 142 |
| Equity investments designated at fair value through other comprehensive income | | 150 | 150 |
| Total non-current assets | | 538,833 | 489,830 |
| CURRENT ASSETS | | | |
| Inventories | | 61,506 | 91,593 |
| Trade receivables | 10 | 36,123 | 45,720 |
| Prepayments, other receivables and other assets | | 12,690 | 9,914 |
| Due from related parties | 14 | 1,453 | 80 |
| Financial assets at fair value through profit or loss | | 629 | — |
| Pledged deposits | | 9,707 | — |
| Cash and cash equivalents | | 7,589 | 7,667 |
| Total current assets | | 129,697 | 154,974 |
| CURRENT LIABILITIES | | | |
| Trade and bills payables | 11 | 25,822 | 32,318 |
| Other payables and accruals | | 55,933 | 65,389 |
| Interest-bearing bank and other borrowings | | 111,137 | 111,933 |
| Tax payable | | 430 | 265 |
| Due to related parties | 14 | — | 4,830 |
| Total current liabilities | | 193,322 | 214,735 |

Interim Condensed Consolidated Statement of Financial Position

30 June 2025

| | | 30 June 2025 (Unaudited) RMB'000 | 31 December 2024 (Audited) RMB'000 |
|--|-------|---|---|
| | Notes | | |
| NET CURRENT LIABILITIES | | (63,625) | (59,761) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 475,208 | 430,069 |
| NON-CURRENT LIABILITIES | | | |
| Interest-bearing bank and other borrowings | | 102,412 | 55,944 |
| Deferred tax liabilities | | 18,589 | 18,589 |
| Total non-current liabilities | | 121,001 | 74,533 |
| Net assets | | 354,207 | 355,536 |
| EQUITY | | | |
| Equity attributable to owners of the parent | | | |
| Share capital | 12 | 100,114 | 100,114 |
| Share premium | | 245,106 | 245,106 |
| Other reserves | | 7,865 | 9,193 |
| | | 353,085 | 354,413 |
| Non-controlling interests | | 1,122 | 1,123 |
| Total equity | | 354,207 | 355,536 |

Interim Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2025

| | Attributable to owners of the parent | | | | | | | | Non-controlling interests | Total equity |
|---|--------------------------------------|--------------------------|----------------------------|--------------------------------------|---|---------------------------------------|-------------------------------|------------------|---------------------------|----------------|
| | Share capital RMB'000 | Share premium RMB'000 | Capital reserve RMB'000 | Statutory surplus reserve RMB'000 | Exchange fluctuation reserve RMB'000 | Asset revaluation reserve# RMB'000 | Accumulated losses RMB'000 | Total RMB'000 | | |
| At 31 December 2024 (audited) | 100,114 | 245,106 | (42,112) | 19,658 | 9,875 | 105,341 | (83,569) | 354,413 | 1,123 | 355,536 |
| Profit for the period | — | — | — | — | — | — | 1,173 | 1,173 | (1) | 1,172 |
| Other comprehensive loss for the period: | | | | | | | | | | |
| Exchange differences on translation of foreign operations | — | — | — | — | (2,501) | — | — | (2,501) | — | (2,501) |
| Total comprehensive loss for the period | — | — | — | — | (2,501) | — | 1,173 | (1,328) | (1) | (1,329) |
| At 30 June 2025 (unaudited) | 100,114 | 245,106 | (42,112) | 19,658 | 7,374 | 105,341 | (82,396) | 353,085 | 1,122 | 354,207 |

| | Attributable to owners of the parent | | | | | | | | Non-controlling interests | Total equity |
|---|--------------------------------------|--------------------------|----------------------------|--------------------------------------|---|---------------------------------------|-------------------------------|------------------|---------------------------|----------------|
| | Share capital RMB'000 | Share premium RMB'000 | Capital reserve RMB'000 | Statutory surplus reserve RMB'000 | Exchange fluctuation reserve RMB'000 | Asset revaluation reserve# RMB'000 | Accumulated losses RMB'000 | Total RMB'000 | | |
| At 31 December 2023 (audited) | 80,827 | 205,242 | (42,112) | 19,658 | 9,434 | 105,341 | (66,838) | 311,552 | 1,125 | 312,677 |
| Profit for the period | — | — | — | — | — | — | 5,341 | 5,341 | (2) | 5,339 |
| Other comprehensive income for the period: | | | | | | | | | | |
| Exchange differences on translation of foreign operations | — | — | — | — | 70 | — | — | 70 | — | 70 |
| Total comprehensive income for the period | — | — | — | — | 70 | — | — | 5,411 | (2) | 5,409 |
| At 30 June 2024 (unaudited) | 80,827 | 205,242 | (42,112) | 19,658 | 9,504 | 105,341 | (61,497) | 316,963 | 1,123 | 318,086 |

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

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2025

| | | 2025 (Unaudited) RMB'000 | 2024 (Unaudited) RMB'000 |
|---|-------|--------------------------------|--------------------------------|
| | Notes | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax: | | 1,350 | 5,524 |
| Adjustments for: | | | |
| (Gain)/loss on disposal of items of property, plant and equipment | 5 | (343) | 501 |
| Loss on early termination of leases | | — | 10 |
| Finance costs | | 3,178 | 3,547 |
| Depreciation of property, plant and equipment | | 4,596 | 5,597 |
| Depreciation of right-of-use assets | | 1,878 | 2,231 |
| Amortisation of intangible assets | | 98 | 79 |
| Write-down of inventories to net realisable value | 5 | 600 | 1,792 |
| Impairment of financial assets, net: | | | |
| Impairment of trade receivables | | 531 | 307 |
| Loss on debt restructuring | | 502 | — |
| Foreign exchange differences, net | | (2,473) | 57 |
| | | 9,917 | 19,645 |
| Decrease/(increase) in inventories | | 29,487 | (1,828) |
| Decrease/(increase) in trade receivables | | 7,935 | (36,307) |
| Increase in prepayments, other receivables and other assets | | (2,776) | (5,943) |
| Increase in restricted cash | | (9,707) | (10,088) |
| Increase in amounts due from related parties | | (1,373) | — |
| (Decrease)/increase in trade and bills payables | | (6,496) | 10,078 |
| (Decrease)/increase in other payables and accruals | | (61) | 13,021 |
| Decrease in due to related parties | | (30) | (2,000) |
| Cash generated/(used in) from operations | | 26,896 | (13,422) |
| Income tax paid | | (13) | (4) |
| Net cash flows from/(used in) operating activities | | 26,883 | (13,426) |

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2025

| | 2025 (Unaudited) RMB'000 | 2024 (Unaudited) RMB'000 |
|---|--------------------------------|--------------------------------|
| Net cash flows from/(used in) operating activities | 26,883 | (13,426) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of items of property, plant and equipment | (57,581) | (447) |
| Additions to other intangible assets | (943) | — |
| Proceeds from disposal of property, plant and equipment | 374 | 4,153 |
| Net cash flows (used in)/from investing activities | (58,150) | 3,706 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| New bank loans | 45,600 | 69,000 |
| Proceeds from other borrowings | 26,800 | 20,800 |
| Repayment of bank loans | — | (49,000) |
| Repayment of other borrowings | (31,600) | (23,100) |
| Principal portion of lease payments | (5,280) | (2,509) |
| Interest paid | (4,320) | (3,545) |
| Net cash flows from financing activities | 31,200 | 11,646 |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (67) | 1,926 |
| Cash and cash equivalents at beginning of period | 7,667 | 3,649 |
| Effect of foreign exchange rate changes, net | (11) | 13 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 7,589 | 5,588 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 7,589 | 5,588 |

Notes to Interim Condensed Consolidated Financial Information

30 June 2025

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024.

Going concern assumption

As at 30 June 2025, the Group's net current liabilities amounted to approximately RMB63,625,000, which comprised current assets of approximately RMB129,697,000 and current liabilities of approximately RMB193,322,000. The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations and sufficient financing to meet its financial obligations as and when they fall due. In preparing the financial statements, the directors of the Company have considered the Group's liquidity and believe that adequate sources of funding are available to fulfil the Group's debt obligations and capital expenditure requirements.

As at 30 June 2025, the Group had total banking facilities of RMB210,000,000 with a final maturity date of 1 December 2029 to meet its debt obligations and capital expenditure requirements and had unutilised banking facilities of RMB3,661,000. The Group's short-term bank loans can be renewed upon its maturity within the banking facilities. The Group has not experienced any significant difficulties in renewing its short-term borrowings upon their maturities and there is no indication that the banks will not renew the existing borrowings if the Group applies for the renewal. The Group is also continuously making great effort to develop new customers and secure new orders, improve its working capital and reduce capital expenditure.

The directors of the Company are of the opinion that, taking into account the above-mentioned measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future.

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended HKFRS Accounting Standard for the first time for the current period's financial information.

Amendments to HKAS 21

Lack of Exchangeability

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The nature and impact of the amended HKFRS Accounting Standard are described below:

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

3. OPERATING SEGMENT INFORMATION

| Six months ended 30 June 2025 | ODM products RMB'000 (Unaudited) | Brand products RMB'000 (Unaudited) | Total RMB'000 (Unaudited) |
|--|--|--|---------------------------------|
| Segment revenue | | | |
| Sales to external customers | 98,356 | 17,850 | 116,206 |
| Segment results | 25,373 | (7,801) | 17,572 |
| Other income and gains | | | 11,637 |
| Corporate and other unallocated expenses | | | (24,681) |
| Finance costs | | | (3,178) |
| Profit before tax | | | 1,350 |
| Six months ended 30 June 2024 | ODM products RMB'000 (Unaudited) | Brand products RMB'000 (Unaudited) | Total RMB'000 (Unaudited) |
| Segment revenue | | | |
| Sales to external customers | 125,297 | 18,646 | 143,943 |
| Segment results | 30,887 | (9,067) | 21,820 |
| Other income and gains | | | 10,776 |
| Corporate and other unallocated expenses | | | (23,525) |
| Finance costs | | | (3,547) |
| Profit before tax | | | 5,524 |

30 June 2025

3. OPERATING SEGMENT INFORMATION (continued)**Geographic information****(a) Revenue from external customers**

| For the six months ended 30 June | | |
|-------------------------------------|--------------------------------|--------------------------------|
| | 2025 RMB'000 (Unaudited) | 2024 RMB'000 (Unaudited) |
| Mainland China | 34,411 | 49,146 |
| Germany | 33,079 | 24,563 |
| United States of America | 19,897 | 37,903 |
| Netherlands | 9,549 | 7,000 |
| Canada | 9,140 | 14,823 |
| Other countries or regions | 10,130 | 10,508 |
| Total | 116,206 | 143,943 |

The revenue information above is based on the shipment destinations.

(b) Non-current assets

| | 30 June 2025 RMB'000 (Unaudited) | 31 December 2024 RMB'000 (Audited) |
|----------------|---|---|
| Mainland China | 538,683 | 489,680 |

The non-current assets information above is based on the locations of the assets and excludes financial assets at fair value through other comprehensive income.

4. REVENUE

An analysis of revenue is as follows:

| For the six months ended 30 June | | |
|---------------------------------------|--------------------------------|--------------------------------|
| | 2025 RMB'000 (Unaudited) | 2024 RMB'000 (Unaudited) |
| Revenue from contracts with customers | 116,206 | 143,943 |

4. REVENUE (continued)**Disaggregated revenue information for revenue from contracts with customers****For the six months ended 30 June 2025**

| Segments | ODM products RMB'000 (Unaudited) | Brand products RMB'000 (Unaudited) | Total RMB'000 (Unaudited) |
|--------------------------------------|--|--|---------------------------------|
| Type of goods or services | | | |
| Sale of goods | 98,356 | 17,850 | 116,206 |
| Geographical markets | | | |
| Mainland China | 16,561 | 17,850 | 34,411 |
| Germany | 33,079 | — | 33,079 |
| United States of America | 19,897 | — | 19,897 |
| Netherlands | 9,549 | — | 9,549 |
| Canada | 9,140 | — | 9,140 |
| Other countries or regions | 10,130 | — | 10,130 |
| Total | 98,356 | 17,850 | 116,206 |
| Timing of revenue recognition | | | |
| Goods transferred at a point in time | 98,356 | 17,850 | 116,206 |

For the six months ended 30 June 2024

| Segments | ODM products RMB'000 (Unaudited) | Brand products RMB'000 (Unaudited) | Total RMB'000 (Unaudited) |
|--------------------------------------|--|--|---------------------------------|
| Type of goods or services | | | |
| Sale of goods | 125,297 | 18,646 | 143,943 |
| Geographical markets | | | |
| Mainland China | 30,500 | 18,646 | 49,146 |
| United States of America | 37,903 | — | 37,903 |
| Germany | 24,563 | — | 24,563 |
| Canada | 14,823 | — | 14,823 |
| Netherlands | 7,000 | — | 7,000 |
| Other countries or regions | 10,508 | — | 10,508 |
| Total | 125,297 | 18,646 | 143,943 |
| Timing of revenue recognition | | | |
| Goods transferred at a point in time | 125,297 | 18,646 | 143,943 |

Notes to Interim Condensed Consolidated Financial Information

30 June 2025

5. PROFIT BEFORE TAX

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

| | For the six months ended 30 June | |
|---|-------------------------------------|--------------------------------|
| | 2025 RMB'000 (Unaudited) | 2024 RMB'000 (Unaudited) |
| Cost of inventories sold* | 77,865 | 101,926 |
| Depreciation of property, plant and equipment | 4,596 | 5,597 |
| Depreciation of right-of-use assets | 1,878 | 2,231 |
| Amortisation of intangible assets | 98 | 79 |
| Research and development costs** | 8,296 | 8,563 |
| Government grants | (1,475) | (1,452) |
| Outsourced manufacturers | 2,708 | 12,874 |
| Employee benefit expense (excluding directors' and chief executive's remuneration): | | |
| Wages and salaries | 31,041 | 35,180 |
| Pension scheme contributions | 3,014 | 3,610 |
| Staff welfare expenses | 139 | 157 |
| Total | 34,194 | 38,947 |
| Concession fees | 3,279 | 3,013 |
| Write-down of inventories to net realisable value | 600 | 1,792 |
| Impairment of trade receivables, net | 531 | 307 |
| (Gain)/loss on disposal of items of property, plant and equipment | (343) | 501 |
| Bank interest income | (4) | (9) |
| Exchange differences, net | (858) | (1,057) |

* The cost of inventories sold includes RMB21,167,000 (30 June 2024: RMB26,713,000) relating to staff cost, depreciation of property, plant and equipment, depreciation of right-of-use assets, amortisation of intangible assets and impairment of inventories for the period ended 30 June 2025, which are also included in the respective total amounts disclosed above for each type of expenses.

** The research and development costs include RMB5,087,000 (30 June 2024: RMB5,617,000) relating to staff cost, depreciation of property, plant and equipment and amortisation of intangible assets for the period ended 30 June 2025, which are also included in the respective total amounts disclosed above for each type of expenses.

6. INCOME TAX

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

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

6. INCOME TAX (continued)

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2024: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2024:8.25%) and the remaining assessable profits are taxed at 16.5% (2024:16.5%).

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

Zhejiang Bonny Fashion Holding Group Co., Ltd., a subsidiary of the Company, is qualified as a High and New Technology Enterprise and was entitled to a preferential income tax rate of 15% (2024:15%) during the period.

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

| For the six months ended 30 June | | |
|-------------------------------------|--------------------------------|--------------------------------|
| | 2025 RMB'000 (Unaudited) | 2024 RMB'000 (Unaudited) |
| Current | | |
| Charge for the period | 178 | 185 |
| Total tax charge for the period | 178 | 185 |

7. DIVIDENDS

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

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,471,123,710 (2024: 1,200,000,000) in issued during the period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2025 and 2024.

30 June 2025

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (continued)

The calculations of basic and diluted earnings per share are based on:

| | 2025 RMB'000 (Unaudited) | 2024 RMB'000 (Unaudited) |
|--|--------------------------------|--------------------------------|
| Earnings | | |
| Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation | <u>1,173</u> | <u>5,341</u> |
| Number of shares | | |
| | 2025 | 2024 |
| Shares | | |
| Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation | <u>1,471,123,710</u> | <u>1,200,000,000</u> |

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired assets at a cost of RMB2,936,000 (30 June 2024: RMB4,824,000).

Assets (other than those classified as held for sale) with a net book value of RMB31,000 were disposed of by the Group during the six months ended 30 June 2025 (30 June 2024: RMB4,654,000), resulting in a net gain on disposal of RMB343,000 (30 June 2024: a net loss on disposal of RMB501,000).

10. TRADE RECEIVABLES

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

| | 30 June 2025 RMB'000 (Unaudited) | 31 December 2024 RMB'000 (Audited) |
|-----------------|---|---|
| Within 3 months | 28,816 | 37,018 |
| 3 to 6 months | 2,425 | 1,888 |
| 6 to 12 months | 3,885 | 6,166 |
| 1 to 2 years | 899 | 569 |
| 2 to 3 years | 98 | 79 |
| Total | <u>36,123</u> | <u>45,720</u> |

11. TRADE AND BILLS PAYABLES

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

| | 30 June 2025 RMB'000 (Unaudited) | 31 December 2024 RMB'000 (Audited) |
|-----------------|---|---|
| Within 3 months | 5,962 | 11,981 |
| 3 to 6 months | 14,114 | 9,538 |
| 6 to 12 months | 4,090 | 7,010 |
| Over 12 months | 1,656 | 3,789 |
| Total | 25,822 | 32,318 |

12. SHARE CAPITAL

Shares

| | 30 June 2025 RMB'000 (Unaudited) | 31 December 2024 RMB'000 (Audited) |
|--|---|---|
| Issued and fully paid: 1,471,123,710 (31 December 2024: 1,471,123,710) ordinary shares | 100,114 | 100,114 |

13. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

| | 30 June 2025 RMB'000 (Unaudited) | 31 December 2024 RMB'000 (Audited) |
|-----------|---|---|
| Buildings | 10,087 | 65,686 |

Notes to Interim Condensed Consolidated Financial Information

30 June 2025

14. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the period:

| | | For the six months ended 30 June | |
|--|-------|-------------------------------------|--------------------------------|
| | Notes | 2025 RMB'000 (Unaudited) | 2024 RMB'000 (Unaudited) |
| Short-term leases from: | | | |
| Zhejiang Deshipu New Material Technology Co., Ltd. (" Deshipu New Material ") | (i) | <u>693</u> | — |
| Long-term leases from: | | | |
| Zhejiang Hongliu Environmental Technology Co., Ltd (" Zhejiang Hongliu ") | (ii) | <u>4,096</u> | — |
| Deposits paid to: | | | |
| Deshipu New Material | (i) | <u>200</u> | — |
| Zhejiang Hongliu | (ii) | <u>500</u> | — |
| Total | (ii) | <u>700</u> | — |
| Borrowings from: | | | |
| Zhejiang Baicheng Trading Co., Ltd. (" Baicheng Trading ") | (iii) | <u>26,800</u> | 20,800 |

Note:

- (i) The short-term leases from Deshipu New Material were made according to the published prices and conditions offered by the related party to its major lessees. The deposits of RMB200,000 related to the short-term leases were paid to Deshipu New Material during the six months ended 30 June 2025.
- (ii) The long-term leases from Zhejiang Hongliu were made according to the published prices and conditions offered by the related party to its major lessees. The deposits of RMB500,000 related to the long-term leases were paid to Zhejiang Hongliu during the six months ended 30 June 2025.
- (iii) The borrowings from Baicheng Trading are unsecured, non-interest-bearing and repayable on 31 March 2026.

(b) Other transactions with related parties:

- (i) Mr. Jin Guojun and Ms. Gong Lijin have guaranteed certain of the Group's bank loans of up to RMB250,000,000 as at 30 June 2025 (31 December 2024: RMB 250,000,000).
- (ii) Ms. Huang Jingyi, the non-executive director, has guaranteed certain of the Group's bank loans of up to RMB200,000,000 as at 30 June 2025 (31 December 2024: RMB200,000,000).

14. RELATED PARTY TRANSACTIONS (continued)

(c) Outstanding balances with related parties:

| | 30 June 2025 RMB'000 (Unaudited) | 31 December 2024 RMB'000 (Audited) |
|---------------------------------|---|---|
| Due from a related party | | |
| Deshipu New Material (i) | 896 | — |
| Zhejiang Hongliu (i) | 500 | — |
| Mr. Jin Guojun (ii) | 57 | 80 |
| Total | 1,453 | 80 |
| Due to related parties | | |
| Bode Holding Co., Ltd. (ii) | — | 30 |
| Baicheng Trading (iii) | — | 4,800 |
| Total | — | 4,830 |
| Lease liabilities | | |
| Zhejiang Hongliu | 1,524 | — |

Notes:

- (i) The balances with related parties above are trade in nature, unsecured, non-interest-bearing and repayable on demand.
- (ii) The balances with related parties above are non-trade in nature, unsecured, non-interest-bearing and repayable on demand.
- (iii) The borrowings from Baicheng Trading are non-trade in nature, unsecured, non-interest-bearing and repayable on 31 March 2026.

(d) Compensation of key management personnel of the Group:

| | For the six months ended 30 June | |
|---|-------------------------------------|--------------------------------|
| | 2025 RMB'000 (Unaudited) | 2024 RMB'000 (Unaudited) |
| Short-term employee benefits | 1,255 | 1,507 |
| Total compensation paid to key management personnel | 1,255 | 1,507 |

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, financial liabilities included in other payables and accruals, current portion of interest-bearing bank and other borrowings, amounts due from related parties and amounts due to related parties, approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2025 were assessed to be insignificant.

For the fair value of the unlisted equity investments at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2025

| | Fair value measurement using | | | |
|--|---|---|---|--|
| | Quoted prices in active markets (Level 1) <i>RMB'000</i> (Unaudited) | Significant observable inputs (Level 2) <i>RMB'000</i> (Unaudited) | Significant unobservable inputs (Level 3) <i>RMB'000</i> (Unaudited) | Total <i>RMB'000</i> (Unaudited) |
| Equity investments designated at fair value through other comprehensive income | — | — | 150 | 150 |
| Financial assets at fair value through profit or loss | 629 | — | — | 629 |
| Total | 629 | — | 150 | 779 |

As at 31 December 2024

| | Fair value measurement using | | | |
|--|---|---|---|--------------------------------------|
| | Quoted prices in active markets (Level 1) <i>RMB'000</i> (Audited) | Significant observable inputs (Level 2) <i>RMB'000</i> (Audited) | Significant unobservable inputs (Level 3) <i>RMB'000</i> (Audited) | Total <i>RMB'000</i> (Audited) |
| Equity investments designated at fair value through other comprehensive income | — | — | 150 | 150 |

30 June 2025

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)**Fair value hierarchy** (continued)

The movements in fair value measurements within Level 3 during the period are as follows:

| | 2025 RMB'000 (Unaudited) | 2024 <i>RMB'000</i> (Unaudited) |
|--|---|---------------------------------------|
| Financial assets at fair value through other comprehensive income: | | |
| At 1 January | 150 | 150 |
| Purchases of unlisted investments | <u>—</u> | <u>—</u> |
| At 30 June | 150 | 150 |