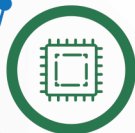




# SHENZHOU INTERNATIONAL GROUP HOLDINGS LIMITED

Stock Code : 2313



**2025**  
ANNUAL REPORT



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## Corporate Profile

Shenzhou International Group Holdings Limited (“Shenzhou International”), together with its subsidiaries (collectively referred to as the “Group”), is a vertically integrated apparel manufacturer with fabric and garment production bases in China, Cambodia, and Vietnam. With 108,680 employees, the Group boasts an annual production capacity of 280,000 metric tons of fabric and 600 million pieces of garments. The Group partners with internationally renowned brands and delivers products across the Asia-Pacific, the Americas, and Europe.

In November 2005, Shenzhou International was listed on the Main Board of the Hong Kong Stock Exchange under stock code of 2313. It joined the MSCI Index in 2013, the Hang Seng Corporate Sustainability Benchmark Index Series in 2015, and the Hang Seng Index in 2018.

## Corporate Information

(as at 30 March 2026 (the “Latest Practicable Date”))

### REGISTERED NAME

Shenzhou International Group Holdings Limited

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Jianrong Ma (*Executive Chairman*)  
Mr. Guanlin Huang (*President and Co-CEO*)  
Mr. Renhe Ma (*President and Co-CEO*)  
Mr. Cunbo Wang  
Mr. Jijun Hu

#### Independent Non-executive Directors

Mr. Bingsheng Zhang  
Ms. Chunhong Liu  
Mr. Xinggao Liu  
Ms. Feirong Wang

### COMPANY SECRETARY

Mr. Tak Hing Chan Kenji

### AUTHORISED REPRESENTATIVES

Mr. Cunbo Wang  
Mr. Tak Hing Chan Kenji

### KEY BOARD COMMITTEES

#### Audit Committee

Ms. Feirong Wang (*Chairman*)  
Mr. Bingsheng Zhang  
Ms. Chunhong Liu  
Mr. Xinggao Liu

#### Remuneration Committee

Mr. Bingsheng Zhang (*Chairman*)  
Mr. Renhe Ma  
Ms. Chunhong Liu  
Ms. Feirong Wang

#### Nomination Committee

Mr. Jianrong Ma (*Chairman*)  
Mr. Bingsheng Zhang  
Mr. Xinggao Liu  
Ms. Feirong Wang

### REGISTERED OFFICE

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

## Corporate Information

(as at 30 March 2026 (the "Latest Practicable Date"))

### PLACE OF BUSINESS IN HONG KONG

Unit 2708, 27th Floor  
Billion Plaza  
No. 8 Cheung Yue Street  
Cheung Sha Wan, Kowloon, Hong Kong

### AUDITORS

Ernst & Young  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor under the*  
*Accounting and Financial Reporting Council Ordinance*

### LEGAL ADVISERS

K&L Gates  
Morgan, Lewis & Bockius

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive, P.O. Box 2681  
Grand Cayman KY1-1111, Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

### PRINCIPAL BANKERS

Agricultural Bank of China Limited  
Bank of China (Hong Kong) Limited  
Bank of China Limited  
Bank of Communications Company Limited  
Bank of Ningbo Company Limited  
China Construction Bank Corporation  
China CITIC Bank Corporation Limited  
Hang Seng Bank Limited  
Industrial and Commercial Bank of China Limited  
Shanghai Pudong Development Bank Company Limited  
Standard Chartered Bank (Hong Kong) Limited  
The Hongkong and Shanghai Banking Corporation Limited  
United Overseas Bank Limited

### INVESTOR AND PRESS RELATIONS ADVISER

iPR Limited

### COMPANY WEBSITE

[www.shenzhouintl.com](http://www.shenzhouintl.com)

### STOCK CODE

2313

## Financial Highlights

### KEY FINANCIAL INFORMATION FOR THE LAST FIVE YEARS

	For the year ended 31 December/As at 31 December				
	2025	2024	2023	2022	2021
<b>Key Financial Information (RMB'000)</b>					
Sales	<b>30,993,732</b>	28,662,938	24,969,792	27,781,412	23,845,006
Profit before income tax	<b>6,665,775</b>	7,163,778	4,995,501	5,262,073	3,823,316
Profit for the year	<b>5,825,262</b>	6,240,581	4,557,263	4,563,165	3,371,679
Profit attributable to owners of the parent	<b>5,825,262</b>	6,240,581	4,557,263	4,562,783	3,371,702
Non-current assets	<b>14,779,271</b>	14,536,063	20,131,649	17,328,331	15,622,465
Current assets	<b>42,163,724</b>	38,571,785	28,479,488	26,164,534	26,509,441
Current liabilities	<b>18,843,543</b>	16,826,163	13,384,483	10,259,437	13,532,431
Net current assets	<b>23,320,181</b>	21,745,622	15,095,005	15,905,097	12,977,010
Total assets	<b>56,942,995</b>	53,107,848	48,611,137	43,492,865	42,131,906
Total assets less current liabilities	<b>38,099,452</b>	36,281,685	35,226,654	33,233,428	28,599,475
Total equity	<b>37,491,918</b>	35,852,895	32,867,316	30,765,784	27,783,063
Cash and cash equivalents	<b>15,410,854</b>	10,868,830	11,596,453	7,369,498	6,687,623
<b>Key Financial ratios</b>					
Gross profit margin (%)	<b>26.3</b>	28.1	24.3	22.1	24.3
Net profit margin (%)	<b>18.8</b>	21.8	18.3	16.4	14.1
Gearing ratio (%) <sup>(1)</sup>	<b>39.5</b>	35.8	36.8	29.9	38.1
Current ratio (Times)	<b>2.2</b>	2.3	2.1	2.6	2.0
Accounts receivable turnover period (days)	<b>77</b>	71	73	56	59
Inventory turnover period (days)	<b>109</b>	116	120	109	116

Note:

- Gearing ratio represents the ratio between total outstanding borrowings and total equity.

## Financial Highlights

### REVENUE BREAKDOWN OF THE GROUP BY PRODUCT CATEGORY

	For the year ended 31 December									
	2025		2024		2023		2022		2021	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
By product										
Sportswear	20,966,573	67.7	19,799,350	69.1	18,031,526	72.2	20,869,553	75.1	17,612,128	73.9
Casual wear	8,410,981	27.1	7,207,239	25.1	5,672,653	22.7	5,751,836	20.7	4,720,735	19.8
Lingerie wear	1,403,026	4.5	1,435,780	5.0	1,066,643	4.3	819,133	3.0	1,040,246	4.4
Other knitwear	213,152	0.7	220,569	0.8	198,970	0.8	340,890	1.2	471,897	1.9
Total revenue	30,993,732	100.0	28,662,938	100.0	24,969,792	100.0	27,781,412	100.0	23,845,006	100.0

### REVENUE BREAKDOWN OF THE GROUP BY MARKET

	For the year ended 31 December									
	2025		2024		2023		2022		2021	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
By market										
Revenue from international markets										
Europe	6,261,762	20.2	5,190,059	18.1	5,027,285	20.1	6,215,018	22.4	4,732,599	19.8
U.S.	5,582,598	18.0	4,611,826	16.1	3,879,987	15.6	4,873,358	17.5	3,805,130	16.0
Japan	5,144,000	16.6	4,834,111	16.9	3,675,539	14.7	3,926,014	14.1	3,346,908	14.0
Other markets	6,618,184	21.4	5,965,767	20.8	5,262,929	21.1	5,692,876	20.5	4,392,024	18.4
Revenue from China domestic markets	7,387,188	23.8	8,061,175	28.1	7,124,052	28.5	7,074,146	25.5	7,568,345	31.8
Total revenue	30,993,732	100.0	28,662,938	100.0	24,969,792	100.0	27,781,412	100.0	23,845,006	100.0

## Chairman's Statement

To Our Shareholders:

On behalf of the Board of Directors (the "Board" or "Directors") of Shenzhou International Group Holdings Limited (the "Company"), I hereby present the 2025 Annual Results Report of the Company and its subsidiaries (the "Group") for your review.

Looking back on the year, demand in major global markets remained weak, inventory destocking cycles lengthened, and the international trade environment was complex and volatile. Compounded by factors such as adjustments to tariff policies and geopolitical fluctuations, market demand shifted rapidly across different countries and regions. In 2025, the value of China's textile and apparel exports decreased by approximately 2.4% year-on-year, while Vietnam's and Cambodia's textile and apparel exports increased by 7.0% and 16.5% year-on-year, respectively. Against the backdrop of profound industry adjustments, the restructuring of global supply chains continued to accelerate. Near-shoring and diversified strategic positioning became key strategies for enterprises to mitigate external risks, and operational performance disparities among industry players became increasingly pronounced.

Throughout the year, the industry as a whole exhibited a pattern of "strong supply and weak demand"; to stabilize their market share, some enterprises adopted a "price-for-volume" strategy to sustain operations. At the same time, rising labor costs and the appreciation of the RMB against the USD have significantly compressed the industry's overall profit margins. However, challenges also harbor opportunities for development. With the upgrading of consumer demand and heightened health awareness, outdoor sports, functional, and eco-friendly products have emerged as new growth drivers for the industry, leveraging their unique advantages to fuel its transformation and development.

Facing the complex and challenging business environment of 2025, the Group remains committed to its core business and pursues steady progress. By fully leveraging the comprehensive advantages of its integrated industrial chain and global production base layout, and focusing on technological upgrades and quality improvement to enhance efficiency, the Group has effectively weathered the dual impact of market volatility and cost pressures.

During the reporting period, the Group continued to optimize its product mix and cultivate high-quality customer relationships. Significant progress was made in expanding into new product categories, driving steady business growth. The Group comprehensively advanced lean management and automation upgrades while continuously optimizing its overseas production capacity layout: domestic factories accelerated technological upgrades, resulting in a marked improvement in production automation levels; the new garment factory in Cambodia successfully expanded production, with both workforce scale and production efficiency improving simultaneously, further unlocking garment production capacity; the second fabric project in Vietnam has completed civil engineering and partial equipment installation, and the new production capacity will be gradually brought online, effectively alleviating fabric supply pressures on the overseas garment business.

Concurrently, the Board of Directors and various specialized committees have diligently fulfilled their duties and collaborated efficiently to continuously refine the internal governance structure and institutional framework. We have strengthened end-to-end risk control and compliance management, adhering to governance principles of transparent operations, fair decision-making, and efficient execution, thereby continuously enhancing the standardization of management and operational efficiency. By improving oversight mechanisms and ensuring open communication channels, we have effectively safeguarded the rights and interests of investors and all stakeholders, laying a solid governance foundation for the Group's steady and sustainable development.



## Chairman's Statement

Looking back on the year, despite a challenging business environment, the Group adhered to prudent operations and carried out all tasks in an orderly manner, achieving hard-won operational results. On behalf of the Board of Directors, I would like to express my sincere gratitude to all employees for their diligent efforts and unwavering dedication, and to all brand clients, suppliers, investors, and partners for their long-standing trust and strong support.

Looking ahead, the Group will stay attuned to industry trends and strive to build core capabilities that lead the industry's transformation and upgrading. We will expand market opportunities through product innovation, improve profitability through efficiency gains and cost control, and mitigate trade risks through global resource allocation. We will continue to refine our industrial chain, strengthen our core competitive advantages, drive high-quality business growth, and continuously enhance our profitability and sustainable development capabilities.

*Chairman of the Board*

**Jianrong Ma**

Hong Kong, PRC, March 30, 2026

# Management Discussion and Analysis

## OPERATING ENVIRONMENT

In 2025, the global economic recovery lacked momentum, with high inventory levels in the retail sector yet to be fully cleared. This resulted in persistently weak overall market demand, prompting some supply chain enterprises to adopt a strategy of sacrificing profit margins for volume due to underutilised production capacity. Simultaneously, multiple geopolitical conflicts erupted, compounded by the United States' uncertain tariff policies and traceability reviews of re-export trade. These factors drove the ongoing restructuring of global industrial chains, accelerating the shift of orders towards regions dominated by Southeast Asian nations. Furthermore, the appreciation of the Renminbi against the US dollar and persistently rising labour costs further squeezed the profit margins of exporting enterprises. Export pressures on Chinese apparel products became pronounced, with the decline in exports significantly widening in the latter half of the year. On the other hand, in pursuit of sustainable development and facing challenges from the trading environment and cost pressures, enterprises accelerated their transformation and upgrading towards automation, intelligentisation, and greening. They sought to enhance the global competitiveness of the industry through advantages such as high-value-added products, globalised operations, and agile supply chains.

According to statistics from China Customs, the total export value of China's textile and apparel products (including textile yarns, fabrics and products, as well as garments and clothing accessories, hereinafter the same) in 2025 amounted to US\$293.77 billion, representing a decrease of approximately 2.4% compared to the previous year. In the latter half of the year, affected by high tariffs and the high export base of the same period last year, exports in the third and fourth quarters experienced consecutive negative growth, declining by approximately 2.2% and 8.4% year-on-year respectively. Within the annual export value, textile exports amounted to US\$142.58 billion, representing a marginal increase of approximately 0.5% compared to the previous year. Among these, exports of yarn and fabrics – the primary raw materials for garments – increased by approximately 4.1% and 1.0% respectively compared to the previous year. Exports of garments and clothing accessories amounted to US\$151.18 billion, a year-on-year decrease of approximately 5.0%. Within this category, exports of knitted garments amounted to approximately US\$69.88 billion, a year-on-year decrease of 4.3%, accounting for approximately 46.2% of total garment exports (2024: 45.9%). Throughout the year, clothing exports maintained a pattern of increasing volume but declining prices, with the unit prices for knitted garments and woven garments decreasing by approximately 8.0% and 9.0% year-on-year respectively. In 2025, the combined value of clothing exports to the four major markets—the United States, the EU-27, Japan, and the United Kingdom—accounted for 51.3% of China's total clothing export value for the year (2024: 50.7%). Specifically, exports to the United States amounted to US\$31.86 billion, representing a year-on-year decrease of 12.0%; exports to the EU-27 reached US\$28.59 billion, showing a year-on-year increase of 3.1%; exports to Japan stood at US\$11.72 billion, with a marginal year-on-year rise of 0.9%; and exports to the United Kingdom totalled US\$5.39 billion, reflecting a year-on-year increase of 3.4%. According to statistics from the United States Department of Commerce, China's share of the US apparel import market has continued to decline, falling to approximately 14.2% in 2025, a year-on-year decrease of 7.5 percentage points. This decline was primarily influenced by the US's high tariff policy on Chinese imports and the restructuring of the global apparel supply chain. According to Eurostat data, China's share of EU apparel imports has seen a slight increase, reaching approximately 29.5% in 2025, representing a year-on-year rise of 0.9 percentage points.

Regarding China's domestic consumer market, according to data released by the National Bureau of Statistics, the total retail sales of consumer goods in 2025 amounted to approximately RMB50,120.24 billion, representing a year-on-year increase of 3.7%. Within the retail sales value of goods from enterprises above designated size, the total retail sales of clothing, footwear, hats, and textile products amounted to approximately RMB1,521.46 billion, representing a year-on-year increase of 3.2% and accelerating compared to the previous year (of which clothing retail sales value reached approximately RMB1,104.45 billion, up 2.8% year-on-year). Additionally, nationwide online retail sales of physical clothing items grew by approximately 1.9% compared to the previous year. Throughout the year, domestic demand for clothing remained generally subdued. However, with the sustained impact of consumption-boosting policies, domestic consumption is expected to stabilise and rebound.

## Management Discussion and Analysis

According to statistical information released by the General Administration of Customs of China, the total value of China's foreign trade imports and exports in 2025 reached US\$6,354.74 billion, representing a 3.2% increase compared to 2024. Exports amounted to US\$3,771.84 billion, up 5.5% year-on-year, while imports stood at US\$2,582.90 billion, remaining largely unchanged from the previous year. During the year, China's trade surplus amounted to US\$1,188.95 billion, an increase of US\$196.37 billion or 19.8% compared to US\$992.58 billion in 2024. The trade surplus in textiles and apparel amounted to US\$273.6 billion, accounting for 23.0% of the total foreign trade surplus (2024: approximately 28.2%), representing a decrease of approximately 5.2 percentage points. China's export structure is accelerating its diversification towards high-value-added sectors, with textiles and apparel products—as traditional export commodities—continuing to see their share of the total surplus decline.

According to preliminary statistics from Vietnam's General Department of Customs, the textile sector's export value reached approximately US\$43.96 billion in 2025, representing a 6.1% increase over the previous year. Within this, textile and apparel exports amounted to roughly US\$39.64 billion, rising by 7.0% year-on-year, while yarn exports totalled approximately US\$4.31 billion, declining by 2.1% compared to the preceding year. Exports of Vietnamese textile and apparel products to the United States, Japan, and South Korea amounted to US\$17.88 billion, US\$4.60 billion, and US\$2.89 billion respectively. Exports to the United States and Japan increased by 10.7% and 6.1% respectively compared to 2024, while exports to South Korea decreased by 8.4% compared to 2024. The United States remains Vietnam's largest single market for textile and garment products, accounting for 45.1% of total exports (43.6% in 2024). Vietnam has benefited from relatively low import tariffs in the US market and cost advantages within its industrial chain, attracting a portion of US orders to shift from China to Vietnam for procurement. According to statistics from the US Department of Commerce, in 2025, Vietnam's share of apparel imports into the US market surpassed China for the first time, accounting for approximately 20.8%. Vietnam has thus become the largest apparel exporter to the United States. Vietnam's yarn exports are primarily directed towards China. In 2025, the value of yarn exported from Vietnam to China reached approximately US\$2.16 billion, accounting for 50.1% of Vietnam's total yarn exports (48.6% in 2024), representing a 0.9% increase compared to 2024. In 2025, Vietnam's imports of fabric from other countries or regions amounted to approximately US\$15.2 billion, representing a 1.9% increase over the previous year. Of this total: Fabric imports from mainland China amounted to approximately US\$10.37 billion, representing a 3.9% increase year-on-year and accounting for 68.2% of Vietnam's total fabric imports (2024: 67.0%). Furthermore, fabric imports from Taiwan, China and South Korea amounted to approximately US\$1.53 billion and US\$1.40 billion respectively, accounting for 10.1% and 9.2% of Vietnam's total fabric imports (2024: 10.0% and 10.2%). In 2025, the value of Vietnam's imported fabrics accounted for approximately 38.3% of its textile and apparel export value (2024: 40.3%). While Vietnam's reliance on imported fabrics has slightly decreased, its dependence on Chinese fabrics has continued to rise. In 2025, Vietnam's textile and apparel exports to the European Union (EU-27) and the United Kingdom amounted to approximately US\$4.79 billion and US\$890 million respectively, representing year-on-year increases of 10.7% and 16.9%. Vietnam's textile and apparel exports to the European market continued to demonstrate robust growth momentum. Vietnam's textile and apparel exports to member states of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) reached approximately US\$8.02 billion, marking a 6.5% increase over the previous year. Despite relatively subdued global market demand in 2025, Vietnam achieved commendable growth in textile and apparel exports, underpinned by the gradual refinement of its industry chain and a relatively favourable external trade environment.

## Management Discussion and Analysis

By the end of 2025, the central parity rate of the renminbi against the US dollar had appreciated by approximately 2.3% compared to the end of 2024. During the year, the People's Bank of China reduced the reserve requirement ratio for financial institutions by 0.5 percentage points. Additionally, the People's Bank guided reductions of 10 basis points each in the one-year and over-five-year Loan Prime Rates. In recent years, the sustained decline in both the reserve requirement ratio and Loan Prime Rates has effectively lowered corporate financing costs, thereby creating greater scope for enterprises to accelerate innovation and upgrading while achieving high-quality development. In 2025, the Federal Reserve implemented three cumulative reductions to the federal funds rate, amounting to a total cut of 75 basis points for the year. The target range for the federal funds rate was lowered from 4.25%-4.50% at the beginning of the year to 3.50%-3.75%. The interest rate differential between renminbi and US dollar deposits continued to narrow. It is anticipated that the renminbi exchange rate against the US dollar may exhibit a trend of moderate appreciation with two-way fluctuations.

According to data released by the National Bureau of Statistics, the national population at the end of 2025 stood at approximately 1.4 billion. The annual number of births was 7.92 million, resulting in a population decrease of 3.39 million compared to the previous year. The rate of population decline accelerated by 2 million compared to the preceding year, marking the fourth consecutive year of negative population growth in China. By the end of 2025, the elderly population aged sixty and above accounted for 23.0% of the total population (2024: 22.0%), an increase of approximately 13.07 million compared to 2024. Meanwhile, the working-age population aged sixteen to fifty-nine decreased by approximately 6.62 million. Amidst the compounding pressures of sustained population decline, accelerating ageing, persistent labour shortages, and shifting employment attitudes, labour-intensive traditional manufacturing enterprises face the dual challenges of persistently rising labour costs and contracting market demand. These enterprises must deepen their automation and digital transformation initiatives, replacing demographic dividends with technological dividends to reshape production efficiency and overcome developmental bottlenecks.

According to data released by the National Bureau of Statistics, China's cotton cultivation area in 2025 was approximately 2.98 million hectares, an increase of 140,000 hectares from the previous year. Annual cotton production reached 6.64 million tonnes, representing a 7.7% increase over the preceding year. According to data released by the United States Department of Agriculture in February 2026, global cotton production for the 2025/26 season is projected to reach approximately 26.1 million tonnes. This represents an estimated increase of around 290,000 tonnes compared to the 2024/25 season, reflecting a growth rate of approximately 1.1%. Global cotton consumption for the 2025/26 season is projected at approximately 25.85 million tonnes, a decrease of 50,000 tonnes (0.2%) compared to the 2024/25 season. Global ending stocks stand at 16.35 million tonnes, an increase of approximately 1.8% from the previous year-end, with the stock-to-use ratio at around 63%. China's cotton stockpiles are estimated at approximately 7.92 million tonnes, accounting for roughly 48% of global reserves. The nation's cotton consumption constitutes about 33% of worldwide usage, while its imports represent approximately 13% of global imports. Influenced by abundant domestic cotton production and sluggish global textile demand, China's cumulative cotton imports for the 2025 fiscal year reached around 1.07 million tonnes, marking a substantial 59.1% decrease from the previous year. According to data released by the China Cotton Association, Brazilian cotton accounted for approximately 44% of China's total cotton imports in 2025, marking the second consecutive year it ranked as China's largest cotton import source. Australian cotton constituted about 31% of China's total cotton imports, surpassing the share of US cotton imports. Meanwhile, US cotton imports to China declined to approximately 11% of the total, representing a significant drop in market share compared to the previous year. In 2025, China's cotton imports amounted to approximately US\$1.94 billion, representing a significant decrease of 63.6% compared to the previous year. The average import price stood at US\$1,812.6 per tonne, marking a year-on-year reduction of approximately

## Management Discussion and Analysis

10.9% from 2024. Throughout 2025, domestic cotton prices exhibited wide fluctuations, with overall prices remaining at relatively low levels compared to the preceding five years. International cotton prices have continued to weaken due to oversupply and sluggish demand. Domestically, cost support coupled with policy underpinning has led to divergent price trends between domestic and international markets, creating a pattern of domestic strength against international weakness. Looking ahead to the 2026 season, global cotton production growth is projected to moderate, shifting supply expectations from ample to tight. However, consumption growth remains lacklustre, compounded by significant uncertainties in the international trade environment. Consequently, cotton prices may exhibit range-bound fluctuations with a slight upward bias.

In June 2025, the Implementation Plan for Digital Transformation in the Textile Industry, jointly issued by six ministries including the Ministry of Industry and Information Technology, stipulated that by 2027, over 70% of key operational processes in textile enterprises above designated size should achieve comprehensive digitalisation. By 2030, the textile industry is to realise a leap forward across its entire value chain. In October 2025, the 'Proposals of the Central Committee of the Communist Party of China on Formulating the 15th Five-Year Plan for National Economic and Social Development' called for 'enhancing quality and upgrading' in traditional industries including textiles. It emphasised that the primary task for key traditional industries over the next five-year period is to accelerate technological transformation and upgrading, promote the digital and intelligent transformation of manufacturing, develop smart and green manufacturing, and consolidate the position and competitiveness of key industries within the global industrial division of labour. Meanwhile, in April 2025, the European Commission released the inaugural work plan for the Ecodesign Regulation for Sustainable Products (ESPR), explicitly designating five product categories—including textiles and clothing—as the first to be subject to ecodesign requirements and energy labelling controls over the next five years. Consequently, caught between the dual pressures of stringent policy constraints and market access imperatives, actively advancing digital and intelligent transformation, accelerating the iteration of new technologies and processes, and integrating green manufacturing capabilities throughout the entire product lifecycle have become the essential path for China's textile and apparel enterprises to overcome trade barriers, reshape their international competitive edge, and achieve high-quality development.

The escalation of tensions in the Middle East is heightening global geopolitical risks, casting a shadow of stagflation over an already sluggish global economic recovery. This will profoundly impact the textile and apparel sector in terms of order stability, transport timeliness, and cost control. Moreover, diminished predictability in global trade policies has compelled supply chains worldwide to pivot from 'efficiency-first' to 'security-first' approaches. This shift not only substantially increases corporate compliance costs and operational risks but also accelerates the fragmentation and bloc-based division within the international trade system. Faced with a complex new landscape and a relatively unfavourable trade environment, China's textile and apparel sector must proactively leverage technological innovation to continuously optimise production equipment and processes. By deepening the application of digital intelligence and automation within the industry, it can enhance quality and efficiency while partially offsetting persistently rising labour costs. The sector must accelerate its transformation towards high-value-added products, seeking competitive advantage through differentiated offerings. Leading enterprises are actively integrating into global industrial and supply chain systems, aligning with industry policy trends in key markets to promptly adjust their development strategies and procurement and production location arrangements. This approach mitigates trade disruptions arising from green barriers, nearshore barriers, and rules of origin.

# Management Discussion and Analysis

## BUSINESS REVIEW

In the year 2025, the Group achieved revenue of approximately RMB30,993,732,000, representing an increase of approximately 8.1% over the previous year. Gross profit amounted to approximately RMB8,165,360,000, an increase of approximately 1.4% compared to the same period last year. Profit attributable to owners of the parent amounted to approximately RMB5,825,262,000, representing a decrease of approximately 6.7% compared with the same period last year. The main reason for the decline in net profit after tax for the current year included a gain of approximately RMB330,603,000 recognised in the prior year's net profit after tax arising from the disposal of equity interests in one wholly-owned subsidiary of the Group. Excluding the impact of this one-off gain, profit attributable to owners of the parent decreased by approximately 1.4% compared with the same period last year. During the year, the Group further increased its workforce at overseas production bases, with production capacity gradually being released. This provided the necessary production capacity to support sustained growth in sales revenue. However, rising labour costs and the absorption of certain import tariffs on behalf of customers in the US market, and the appreciation of the Renminbi against the US dollar mitigated the recovery in profitability. Consequently, the gross profit margin for the year decreased by 1.8 percentage points to 26.3 per cent compared with the previous year. Looking back on the year's work, the Group has simultaneously advanced new capacity expansions at overseas bases and technological upgrades at domestic facilities, effectively driving increases in production scale and operational efficiency. Guided by customer requirements, the Group has intensified new product development efforts, enhancing market competitiveness while effectively fostering sustained business growth. Furthermore, the Group has continuously optimised organisational structures and operational processes, deepened cross-departmental business integration, accelerated the introduction of advanced technologies, and ensured the efficient implementation of management decisions.

The Group's new fabric factory project in Tây Ninh Province, Vietnam (the "Second Vietnam Fabric Factory") encompasses weaving, dyeing and finishing operations alongside partial in-house auxiliary material production, with a planned daily capacity of approximately 200 tonnes. By year-end, the project had completed the main civil engineering works and partial equipment installation. Installation and commissioning of the remaining equipment are currently underway. Upon commencement of operations, the Second Vietnam Fabric Factory will effectively alleviate fabric supply constraints arising from overseas garment factory expansions, enhance industrial chain support for overseas bases, and diversify fabric product offerings. Moreover, the Group's newly established garment factory in Cambodia has employed approximately 5,400 staff, reaching nearly 90 per cent of its projected workforce capacity. Production efficiency has now attained around 85 per cent of normal levels. As staffing levels stabilise and operational efficiency improves, the garment production capacity at the Cambodian facility will be further unlocked.

During the year, the Group continued to advance technological upgrades at its domestic production bases: the newly established weaving mill achieved centralised production management, with a significant enhancement in the automation level of production facilities; the garment factory at the base in Ningbo, Zhejiang Province completed comprehensive refurbishment and renovation, adding automated equipment and optimising assembly line layouts to achieve the goal of reducing manpower while increasing efficiency; the garment base in Anhui Province is undergoing comprehensive technological transformation, having acquired approximately 16 hectares of new land, with the civil engineering works for the first phase of the transformation project nearing completion.

## Management Discussion and Analysis

The Group continues to increase investment in new product development, prioritising the application of new materials and innovation in fabric weaving techniques to continually expand its product portfolio. For sportswear, the Group focuses on functional characteristics and scenario-based design to better align with consumer demands. During the reporting period, the Group's football apparel range achieved significant market recognition, driving rapid sales growth. Concurrently, the Group has intensified R&D efforts across basketball and running collections, aiming to capture customer and market favour through innovative fabrics and sophisticated craftsmanship, thereby propelling sustained and robust business growth.

The Group has commenced adjustments and optimisations to its internal organisational structure and operational processes to better align with its global business footprint and address operational pressures arising from sustained labour cost increases. Concurrently, efforts to recruit diverse technological talent have been intensified to bolster team capabilities. By enhancing interdepartmental communication and collaboration, the Group will deepen the industrial application of advanced technologies and artificial intelligence as new drivers of productivity, thereby achieving efficiency gains, increased output, and agile decision-making. Moreover, as the proportion of overseas production capacity increases, these adjustments and optimisations will enable the Group's functional management departments to provide efficient service support to all production bases while ensuring rapid response and timely resolution of operational requirements across each site.

### FINANCIAL REVIEW

#### Sales Revenue

For the fiscal year ended 31 December 2025, sales revenue reached approximately RMB30,993,732,000, marking an 8.1% increase (approximately RMB2,330,794,000) from RMB28,662,938,000 in 2024. The primary factors contributing to the increase in sales revenue this year were: the Group further enhanced its procurement share among key customers through diversifying its product offerings, while simultaneously expanding production capacity at overseas facilities and improving operational efficiency.

The following is a comparative analysis of the Group's sales revenue by product category for the years 2025 and 2024:

	For the year ended 31 December					
	2025		2024		Change	
	RMB'000	%	RMB'000	%	RMB'000	%
By product						
Sportswear	<b>20,966,573</b>	<b>67.7</b>	19,799,350	69.1	1,167,223	5.9
Casual wear	<b>8,410,981</b>	<b>27.1</b>	7,207,239	25.1	1,203,742	16.7
Lingerie wear	<b>1,403,026</b>	<b>4.5</b>	1,435,780	5.0	(32,754)	(2.3)
Other knitwear	<b>213,152</b>	<b>0.7</b>	220,569	0.8	(7,417)	(3.4)
Total sales	<b>30,993,732</b>	<b>100.0</b>	28,662,938	100.0	2,330,794	8.1

For the fiscal year ended 31 December 2025, sales revenue from sportswear products reached approximately RMB20,966,573,000, representing an increase of approximately RMB1,167,223,000 or 5.9% compared to RMB19,799,350,000 for the fiscal year ended 31 December 2024. The growth in sales revenue from sportswear products was primarily driven by increased demand for sports apparel in the European market and U.S. markets.

## Management Discussion and Analysis

Sales revenue from casual wear products increased from approximately RMB7,207,239,000 for the fiscal year ended 31 December 2024, to approximately RMB8,410,981,000 for the fiscal year ended 31 December 2025, marking an increase of approximately RMB1,203,742,000 or 16.7%. This growth was mainly attributable to rising demand for casual apparel in the Japanese market and other regions.

For the fiscal year ended 31 December 2025, sales revenue from lingerie products decreased to approximately RMB1,403,026,000, down from approximately RMB1,435,780,000 for the fiscal year ended 31 December 2024. This represents a decrease of approximately RMB32,754,000 or 2.3%. The decrease was primarily driven by decreased procurement demand from the Japanese market.

For the fiscal year ended 31 December 2025, sales revenue from other knitwear products decreased to approximately RMB213,152,000, down from approximately RMB220,569,000 for the fiscal year ended 31 December 2024. This represents a decrease of approximately RMB7,417,000 or 3.4%.

The following is a comparative analysis of the Group's sales revenue by markets for the years 2025 and 2024:

	For the year ended 31 December					
	2025		2024		Change	
	RMB'000	%	RMB'000	%	RMB'000	%
By market						
Europe	<b>6,261,762</b>	<b>20.2</b>	5,190,059	18.1	1,071,703	20.6
U.S.	<b>5,582,598</b>	<b>18.0</b>	4,611,826	16.1	970,772	21.0
Japan	<b>5,144,000</b>	<b>16.6</b>	4,834,111	16.9	309,889	6.4
Other markets	<b>6,618,184</b>	<b>21.4</b>	5,965,767	20.8	652,417	10.9
Sub-total revenue from international market	<b>23,606,544</b>	<b>76.2</b>	20,601,763	71.9	3,004,781	14.6
Revenue from China domestic markets	<b>7,387,188</b>	<b>23.8</b>	8,061,175	28.1	(673,987)	(8.4)
Total sales	<b>30,993,732</b>	<b>100.0</b>	28,662,938	100.0	2,330,794	8.1

For the fiscal year ended 31 December 2025, the Group's sales revenue in the European market reached approximately RMB6,261,762,000, representing an increase of approximately RMB1,071,703,000 or 20.6% compared to RMB5,190,059,000 for the fiscal year ended 31 December 2024. The growth was primarily driven by increased procurement demand for Sportswear in the European market.

For the fiscal year ended 31 December 2025, the Group's sales revenue in the U.S. market reached approximately RMB5,582,598,000, representing an increase of approximately RMB970,772,000 or 21.0% compared to RMB4,611,826,000 for the fiscal year ended 31 December 2024. This growth was primarily driven by increased demand for sportswear.

## Management Discussion and Analysis

For the fiscal year ended 31 December 2025, the Group's sales revenue in the Japanese market reached approximately RMB5,144,000,000, representing an increase of approximately RMB309,889,000 or 6.4% compared to RMB4,834,111,000 for the fiscal year ended 31 December 2024. The growth was primarily driven by rising demand for casual wear products in the Japanese market.

Sales revenue in other overseas markets totaled approximately RMB6,618,184,000, marking a 10.9% increase from RMB5,965,767,000 in 2024, representing an increase of approximately RMB652,417,000. The growth was mainly due to higher exports to Canada, South Korea, Australia and others.

The Group's sales revenue in the China domestic market decreased by 8.4% year-over-year. Revenue from apparel sales reached approximately RMB7,199,992,000, down 8.5% from RMB7,870,002,000 in 2024, representing a decrease of approximately RMB670,010,000. This decrease was primarily driven by declining demand for sportswear in Mainland China.

### Cost of Sales and Gross Profit

For the fiscal year ended 31 December 2025, the Group's cost of sales was approximately RMB22,828,372,000 (2024: RMB20,608,041,000). The Group's gross profit margin for 2025 was approximately 26.3%, representing a decrease of about 1.8 percentage points from 28.1% in 2024. The decline in gross profit margin was mainly attributed to: 1) the average employee salary increased during the year. Concurrently, as newly established garment factories in Cambodia are still in the phase of enhancing operational efficiency following their commencement of production, the proportion of labour costs within production expenses relative to sales revenue has risen.; and 2) products sold to the US market are subject to the impact of changes in import tariff policies, with customers sharing a portion of the associated tariff costs.

### Equity Attributable to Owners of the Parent

As of 31 December 2025, the equity attributable to owners of the parent was approximately RMB37,491,918,000 (2024: RMB35,852,895,000). This includes non-current assets of approximately RMB14,779,271,000 (2024: RMB14,536,063,000), net current assets of approximately RMB23,320,181,000 (2024: RMB21,745,622,000), and non-current liabilities of approximately RMB607,534,000 (2024: RMB428,790,000). The increase in equity attributable to owners of the parent was primarily due to: 1) the Group's annual operating profit has increased the reserves; and 2) the increase in reserves was offset by the payment of dividends to owners of the parent company.

### Liquidity and Financial Resources

For the fiscal year ended 31 December 2025, the Group's net cash generated from operating activities was approximately RMB5,549,401,000, compared to RMB5,272,964,000 in 2024. As of 31 December 2025, the Group's cash and cash equivalents amounted to approximately RMB15,410,854,000, of which approximately RMB1,473,738,000 was denominated in RMB, approximately RMB13,873,055,000 in USD, approximately RMB16,154,000 in HKD, approximately RMB41,219,000 in VND, with the remaining balance in other currencies (2024: RMB10,868,830,000, with approximately RMB2,742,633,000 denominated in RMB, RMB7,876,257,000 in USD, RMB210,157,000 in HKD, RMB33,002,000 in VND, and the balance in other currencies).

The Group's bank borrowings as of 31 December 2025, totaled approximately RMB14,799,497,000, short-term bank borrowings amounted to approximately RMB14,601,497,000, while long-term bank borrowings stood at RMB198,000,000 (2024: RMB12,818,564,000, all of which were short-term bank borrowings).

## Management Discussion and Analysis

As of 31 December 2025, the Group's net cash position (cash and cash equivalents less bank borrowings) was approximately RMB611,357,000, compared to net borrowings (bank borrowings less cash and cash equivalents) of approximately RMB1,949,734,000 as at 31 December 2024. The net cash increase of approximately RMB2,561,091,000 primarily resulted from a decrease in other deposit-type financial assets and an increase in short-term bank deposits.

Equity attributable to owners of the parent amounted to approximately RMB37,491,918,000 (2024: RMB35,852,895,000). The Group was in a good cash flow position, with a debt-to-equity ratio (calculated based on the percentage of total outstanding borrowings over equity attributable to owners of the parent) of 39.5% as of 31 December 2025 (2024: 35.8%), representing an increase of 3.7 percentage point as compared with the end of last year. As at 31 December 2025, in addition to cash and cash equivalents, the Group also held other deposit financial assets of approximately RMB12,837,915,000 (2024: RMB15,346,830,000), which can be used as the source of capital for debt adjustment.

As part of the Group's overall financial management policy, the Group purchased financial products (including financial assets measured at fair value through profit or loss and time deposits) from several licensed banks in China. This strategy aimed to maximise the return on idle funds through legal and low-risk channels. The results of the related scale tests for such purchases were all below 5%, and therefore, these purchases were not subject to the disclosure requirements of Chapter 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The purchase of these financial products was approved by the investment and lending committee of the Company, which had been established by the Board to oversee the implementation of the Group's treasury management policy. Details of these financial products can be found in the notes 22 and 23 to the financial statements in this annual report.

### Finance Costs and Taxation

For the fiscal year ended 31 December 2025, finance costs decreased to approximately RMB335,348,000 from approximately RMB375,348,000 for the fiscal year ended 31 December 2024. The decrease of approximately RMB40,000,000 was mainly due to the Group's average loan interest rate having decreased during the year.

For the fiscal year ended 31 December 2025, the Group's income tax expense was approximately RMB840,513,000, representing a decrease of approximately RMB82,684,000 or 9.0% compared to RMB923,197,000 for the fiscal year ended 31 December 2024. This was primarily attributable to the decrease in the Group's profit before taxation compared with the previous year.

### Foreign Exchange Risk

As the Group's sales are primarily denominated in USD, while its procurement is mainly settled in RMB, exchange rate fluctuations have an impact on the Group's costs and operating profit margins. In response to the volatility of the USD/RMB exchange rate, the Group has adopted policies to hedge some of the related foreign exchange risks. The hedging amount depends on the Group's USD revenues, procurement, and capital expenditures, taking into account market forecasts for the fluctuation of the USD/RMB exchange rate.

To mitigate potential future cash flow impairment and fluctuations due to changes in the RMB/USD exchange rate, the Group has arranged an appropriate amount of USD-denominated borrowings and HKD borrowings linked to the USD exchange rate. As of 31 December 2025, of the total bank borrowings, approximately RMB2,444,348,000 was in

## Management Discussion and Analysis

USD (equivalent to approximately USD347,762,000), and approximately RMB6,568,070,000 was in HKD (equivalent to approximately HKD7,272,000,000) (as of 31 December 2024: USD borrowings of approximately RMB1,685,327,000 (equivalent to approximately USD234,451,000) and HKD borrowings of approximately RMB5,113,187,000 (equivalent to approximately HKD 5,521,800,000)).

### EMPLOYMENT, TRAINING, AND DEVELOPMENT

As of 31 December 2025, the Group employed approximately 108,680 employees (2024: 102,690). During the year, total employee costs (including administrative and management personnel) accounted for approximately 28.1% of the Group's sales (2024: 27.6%), representing a decrease of about 0.5 percentage points compared to the previous year. The Group determines employee compensation based on individual performance, qualifications, and industry practices, and the compensation policy is reviewed periodically. Based on annual performance evaluations, employees may receive bonuses and incentives. Additionally, the Group offers rewards or other forms of encouragement to support the personal growth and career development of employees. The Group also provides continuous training to employees to enhance their skills, product knowledge, awareness of industry quality standards, and understanding of the Group's operations. All new employees are required to attend an induction program, and all employees have access to a variety of training courses.

### CAPITAL EXPENDITURE AND CAPITAL COMMITMENTS

During the year, the Group's total investment in property, plant and equipment, and prepaid land lease payments amounted to approximately RMB3,003,697,000. Among such amount, approximately 42% was used to purchase production equipment, about 54% was allocated for the construction and purchase of new factory buildings and prepaid land lease payments, and the remaining balance was used to acquire other fixed assets and software.

As of 31 December 2025, the Group had capital commitments for land use rights, building use right, property, plant, and equipment amounting to approximately RMB874,909,000, which will mainly be financed through internal resources and bank loans.

### SIGNIFICANT INVESTMENTS, ACQUISITIONS, AND DISPOSALS

During the year ended 31 December 2025, the Group had no other material investments, material acquisitions or disposals relating to subsidiaries, associates and joint ventures that are required to be disclosed.

### GEARING RATIO (OR CAPITAL TO DEBT RATIO)

As of 31 December 2025, the Group's gearing ratio was 39.5%, calculated as the percentage of total outstanding borrowings to equity attributable to the parent company's owners.

### CONTINGENT LIABILITIES

As of 31 December 2025, the Group had no significant contingent liabilities.

## Management Discussion and Analysis

### FUTURE PROSPECTS AND STRATEGIES

At present, the global textile and apparel industry is facing multiple pressures and challenges, primarily characterised by sluggish growth in end-user demand, fierce price competition in the market, rising production costs, increased volatility in raw material prices, geopolitical tensions, and a complex and volatile trade environment. The industry as a whole is characterised by a pattern of “strong supply and weak demand”. Domestic production capacity is under pressure from a combination of factors, including sluggish recovery in domestic demand, a shift in overseas demand and rising overall costs. Some enterprises have adopted a business strategy of sacrificing profit margins for volume, whilst there is a continuing trend of production capacity shifting to regions such as Southeast Asia. At the same time, labour costs are rising year on year, and fluctuations in the RMB-USD exchange rate have increased foreign exchange risks for exporters, further squeezing the industry’s profit margins. Geopolitical conflicts in the Middle East have led to significant fluctuations in international crude oil prices, which have not only driven up the cost of raw materials for chemical fibres but also resulted in longer logistics cycles and higher transport costs. The uncertainty surrounding US tariff policies and the intensified scrutiny of origin verification for transshipment trade have placed sustained pressure on the market share of Chinese textile and apparel products in the US market.

Although the industry as a whole is operating under pressure, structural opportunities remain evident. Demand in niche sectors such as outdoor sports, functional fabrics and eco-friendly products is growing steadily, becoming new drivers of growth for the industry. Domestically, the 2026 Government Work Report (2026年政府工作報告) explicitly identifies expanding consumption as the primary task of economic work, whilst promoting industrial transformation and upgrading by supporting enterprises in updating equipment and undertaking technological upgrades. Enterprises should accelerate their development towards high-end, intelligent and green production to enhance product value-added; they should also increase investment in technological upgrades and digitalisation to strengthen flexible manufacturing, rapid market response and digital operational capabilities, thereby addressing the complex and volatile external environment.

Faced with the complex landscape of global supply chain restructuring, shifting market demand patterns and fluctuations in various cost factors, the Group, as a leading textile and apparel manufacturer, has consistently adhered to a business philosophy centred on core operations, mutual benefit and long-termism. The Group remains committed to a development strategy driven by innovation, lean management, digital and intelligent empowerment, and a global footprint. By prioritising the customer, leveraging technology and focusing on efficiency, the Group continues to build core competitiveness that withstands industry cycles, thereby achieving high-quality, sustainable development.

In terms of product and market expansion, the Group maintains technology and quality as its core competitive strengths, continuously expanding its product portfolio. Through the research, development and application of new materials and processes, the Group enhances the functionality, comfort, environmental sustainability and quality consistency of our products, thereby effectively avoiding homogenised competition. At the same time, the Group is continuously increasing investment in research and development and technological innovation, optimising production processes, and strengthening our products’ core advantages. The Group is deepening strategic partnerships with brand clients to expand our global market presence with high-quality, differentiated products, thereby enhancing profitability and customer recognition, and ensuring the sustained and steady growth of our business.

## Management Discussion and Analysis

In terms of lean cost control, the Group continues to refine its end-to-end cost management system and strengthen internal operational management. The Group optimises procurement management at source, improve the supplier management system and centralised procurement mechanisms, strictly control procurement costs and supply chain risks, and enhance our bargaining power for raw materials and the stability of supply. At the same time, the Group strengthens material control during production, implement lean production models, and reinforce material quota management to reduce material consumption and improve resource utilisation efficiency. Through systematic and institutionalised cost control mechanisms, the Group has effectively mitigated adverse factors such as fluctuations in raw material prices and rising labour costs, thereby enhancing overall operational efficiency.

In terms of production efficiency and digital and intelligent upgrades, the Group continues to advance the automation of production equipment and the application of intelligent technologies, increasing investment in advanced equipment and intelligent production lines to enhance standardisation and automation levels in production. This enables the Group to achieve workforce optimisation, improved quality and increased production capacity. Concurrently, the Group is accelerating the development of digital and intelligent management systems covering the entire business chain, including production scheduling, quality traceability, warehousing and logistics, and order fulfilment. By breaking down data silos, the Group is achieving precise management and efficient collaboration. Through comprehensive digital and intelligent transformation, the Group is enhancing our rapid response capabilities, strengthening flexible manufacturing and agile delivery capabilities, and continuously consolidating our core competitive advantages in the manufacturing sector.

In terms of global production capacity deployment, the Group is responding to trends in global industrial relocation and shifts in the trade landscape by steadily expanding its overseas production capacity. The Group is actively advancing the establishment of production bases across multiple countries and regions, optimising the synergistic arrangement between domestic high-end manufacturing and efficient overseas production capacity, and building a more flexible and resilient global supply network. By establishing a global supply chain system characterised by complementary strengths and secure, controllable operations, the Group effectively hedges against international trade policy risks. Leveraging the advantages of global resources and factors of production, the Group alleviates cost pressures and ensure the provision of continuous, stable, high-quality products and services to our global customers. Currently, the Group is planning to invest in the construction of a new garment manufacturing base in Indonesia.

Looking ahead, the Group will remain committed to its core manufacturing business and continue to expand its presence in global markets. It will enhance value through product innovation, reduce costs through lean management, improve efficiency through digital and intelligent manufacturing, and mitigate risks through its global footprint. In doing so, the Group will continuously strengthen its core competitiveness and operational quality, thereby creating long-term, stable value for its customers, shareholders and society.

### EVENTS AFTER THE REPORTING PERIOD

There were no events that had significant impacts on the Group after 31 December 2025 and up to the Latest Practicable Date.

# Corporate Governance Report

## CORPORATE GOVERNANCE

The Board has adopted its own corporate governance code since 9 October 2005, which covers all the provisions of the Corporate Governance Code (the “CG Code”) set out in Appendix C1 of the Listing Rules, as well as the majority of the recommended best practices. Throughout the year ending 31 December 2025, the Company has complied with all the provisions of the CG Code.

### Terms of Reference of Board Committees

In order to comply with the Listing Rules and the CG Code, the terms of reference of each of the audit committee (the “Audit Committee”), nomination committee (the “Nomination Committee”) and remuneration committee (the “Remuneration Committee”) of the Company are regularly revised based on amendments to the Listing Rules and the CG Code. The terms of reference, the list of directors, and their respective roles are available on both the Company’s website and the HKEX website.

### Directors’ Responsibilities and Management’s Functions

All Directors should participate in continuous professional development to develop and refresh their knowledge and skills pursuant to the code provision C.1 set out in the CG Code. The Company arranged for continuous professional development on the update of the Listing Rules and the related legal and regulatory requirements for the Directors.

The overall management of the Company’s operation is vested in the Board. The Board takes overall responsibility to oversee all major matters of the Group, including the formulation and approval of all policy matters, overall strategic development of the Group and monitoring and controlling the Group’s operation and financial performance. The Board oversees and provides strategic guidance to senior management in order to enhance the long-term value of the Company for its shareholders. The Board may delegate its authority and responsibilities to the senior management for the day-to-day management, administration and operations of the Group. Approval has to be obtained from the Board prior to any significant transactions being entered into by the senior management. The day-to-day management is conducted by senior management and employees of the Company, under the direction of the Executive Chairman and co-CEOs and the oversight of the Board.

### Independent Non-Executive Directors

For the year ended 31 December 2025, the Board had complied with (1) the requirement that the board of a listed issuer must include at least three independent non-executive directors under Rule 3.10(1) of the Listing Rules; (2) the requirement that at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10(2) of the Listing Rules; and (3) the requirement that the number of independent non-executive directors must represent at least one-third of the Board under Rule 3.10A of the Listing Rules.

The Company has received written annual confirmation from each independent non-executive director regarding their independence in accordance with Rule 3.13 of the Listing Rules and considers all independent non-executive directors to be independent.

# Corporate Governance Report

During the year ended 31 December 2025, the summary of training received by the Directors is as follows:

Name of Directors	Types of training (Notes)
<b>Executive Directors</b>	
Mr. Jianrong Ma	A&B
Mr. Guanlin Huang	A&B
Mr. Renhe Ma	A&B
Mr. Cunbo Wang	A&B
Mr. Jijun Hu	A&B
<b>Independent Non-executive Directors</b>	
Mr. Bingsheng Zhang	A&B
Mr. Xinggao Liu	A&B
Ms. Chunhong Liu	A&B
Ms. Feirong Wang	A&B

A: attending seminars organised by the Company

B: reading seminar materials and updates relating to the latest development of the Listing Rules and other applicable legal and regulatory requirements

Mr. Jijun Hu was appointed as an executive Director, and Ms. Feirong Wang was appointed as an independent non-executive Director, with effect from 1 April 2024. They obtained the legal advice referred to in Rule 3.09D of the Listing Rules as regards the requirements under the Listing Rules that are applicable to them as a Director and the possible consequences of making a false declaration or giving false information to the Stock Exchange on 26 March 2024. Mr. Jijun Hu and Ms. Feirong Wang have confirmed that they understood their obligations as a Director.

## Corporate Governance Functions

In accordance with the code provision A.2.1 of the CG Code, the Company adopted the terms of reference for corporate governance functions on 26 March 2012, and they became effective on 1 April 2012. The Board is responsible for formulating, reviewing, and overseeing corporate governance policies, making recommendations, providing training and continuous development for Directors and senior management, ensuring compliance with regulations, and ensuring that employees and Directors adhere to the ethical standards and compliance handbook.

## Communication with Shareholders

Pursuant to the code provision F.1.3 set out in the CG Code, the Company invited representatives of the external auditors of the Company to attend the annual general meeting (“AGM”) of the Company to be convened to be held on 27 May 2026 to answer shareholders’ questions relating to the conduct of the audit, the preparation and content of the auditors’ report, the accounting policies and auditor independence. The Company adopted a shareholders’ communication policy and procedures with effect from 26 March 2012 for shareholders to propose a person for election as a Director. The shareholders’ communication policy is to ensure that shareholders’ views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its implementation and effectiveness. The policy and the procedures are available on the website of the Company.

# Corporate Governance Report

## BOARD OF DIRECTORS

As of the date of this annual report, 23 April 2026, the Board comprises five executive Directors and four independent non-executive Directors. The personal biographies of the Directors and their familial relationships are detailed in the “Biographies of Directors and Senior Management” section on pages 28 to 30. The Directors have no other significant financial, business, or related relationships apart from the disclosed information.

The Board is the governing authority of the Company, responsible for managing shareholders’ assets, formulating business strategies, reviewing financial statements, setting dividend policies, and managing significant matters. Day-to-day operations are delegated to the executive directors or the executive vice president. The Board regularly reviews its authority and responsibilities to ensure the effective performance of its duties.

Each member of the Board has direct and independent access to senior management, the ability to review company information to understand the operational status, business activities, and developments, and the right to seek independent professional advice at the Company’s expense. The Board conducts an annual review to ensure the effectiveness of the mechanisms in place for obtaining independent opinions and external information.

All Directors are required to disclose their directorships or other positions held in other companies or organisations at the time of their initial appointment and update these declarations annually. In the event that the Board identifies a potential conflict of interest during the consideration of any proposal or transaction, the director concerned must disclose the conflict and abstain from voting.

Directors are required to disclose any direct or indirect interests in relation to any motion or transaction being considered at Board meetings and, where applicable, abstain from the discussion. In accordance with the Company’s policies, the Directors must annually confirm whether they or their associates have engaged in any transactions with the Company or its subsidiaries. Any confirmed material related-party transactions are disclosed in the notes to the financial statements in this annual report.

## CHAIRMAN AND GROUP PRESIDENTS

The roles of the Chairman of the Board and the Group Presidents & Co-CEOs are separate and distinct. The Chairman of the Board is responsible for overseeing the Board and making significant strategic decisions for the Group, while the Group Presidents & Co-CEOs are responsible for managing the day-to-day operations of the Group, with clearly defined responsibilities. Mr. Jianrong Ma serves as the Chairman of the Board, and Mr. Guanlin Huang and Mr. Renhe Ma serve as Presidents and Co-Chief Executive Officers.

### Independence of Independent Non-Executive Directors

As of the date of this report (23 April 2026), independent non-executive Directors represent approximately 44.4% of the Board’s members. They possess a broad range of expertise and provide robust checks and balances to protect the overall interests of the shareholders and the Group. The primary responsibility of the independent non-executive Directors is to provide independent and objective opinions to the Board to assist in decision-making. The Board believes that independent non-executive Directors contribute to enhancing the Board’s effectiveness and decision-making capability by offering independent perspectives, objective judgment, and constructive challenges. All independent non-executive Directors have submitted annual independence confirmations and comply with the independence requirements under the Listing Rules.

# Corporate Governance Report

## Board Procedures

The Board meets regularly to review operations, financial performance, corporate governance, and strategic direction. Notices are issued at least 14 days in advance, with agendas and materials provided three days prior to ensure the Directors have sufficient time for review and decision-making.

The Company Secretary is responsible for preparing minutes of Board and board committee meetings. Directors may access meeting records and documents with reasonable notice. Draft and final versions of meeting minutes are circulated to all Directors for review and record-keeping. In 2025, the Board held four meetings, with full attendance. The Board convenes at least four meetings annually, with additional meetings held as necessary to establish overall policies and guidelines, set strategic objectives, and approve interim and annual results, as well as other significant matters. In addition, the Chairman holds regular meetings with all independent non-executive Directors to discuss business matters and key areas of concern.

## BOARD DIVERSITY

The Group upholds a Board Diversity Policy, considering gender, age, cultural background, ethnicity, industry experience, skills, knowledge, and tenure when appointing or reappointing directors. The Board reviews this policy annually, setting measurable targets to track progress. As of the date of this report, the Board comprises nine members – seven men and two women – exceeding HKEX requirements for gender diversity. Thus, the Board is of the opinion that it meets the diversity requirements under the Listing Rules. Yet, the Board continues to seek qualified candidates to further enhance female representation and overall diversity. As of the date of this report, approximately 77.8% of the Directors and 28.5% of the employees (including senior management) were male. The Group maintains a gender-neutral hiring approach, ensuring all roles are based on merit, with no preference for any gender in terms of competence or skills. The Board will periodically monitor the gender composition of the workforce and set targets if and as needed. The Board considers that the gender ratio in the workforce is satisfactory and generally in line with the industry which the Group operates its businesses in. The Board will ensure that any successors to the Board shall follow the Board Diversity Policy.

## BOARD COMMITTEES

To oversee key matters and support its functions, the Board has established three committees: the Audit Committee, the Remuneration Committee, and the Nomination Committee. The latter two are primarily composed of independent non-executive Directors to ensure independence, while the Audit Committee consists exclusively of independent non-executive Directors. Each committee operates under defined terms of reference, available on the Company's website ([www.shenzhouintl.com](http://www.shenzhouintl.com)) and the HKEX website ([www.hkexnews.hk](http://www.hkexnews.hk)). All committees are provided with sufficient resources to fulfill their duties and regularly report to the Board, offering recommendations on key issues and decisions.

## REMUNERATION COMMITTEE

Established on 9 October 2005, in accordance with the CG Code. As of the date of this report, the Remuneration Committee comprises executive Director Mr. Renhe Ma and independent non-executive Directors Mr. Bingsheng Zhang, Ms. Chunhong Liu, and Ms. Feirong Wang. Mr. Bingsheng Zhang is the Chairman of the Remuneration Committee.

## Corporate Governance Report

The Remuneration Committee formulates remuneration policies for the Directors and senior management, ensuring transparency. It assesses the performance of executive Directors, approves the terms of executive Directors' service contracts, and recommends to the Board on the individual executive Director's and senior management member's remuneration packages, with the Directors abstaining from discussions on their own compensation. Details are in note 9 of the financial statements.

Focused on fairness and competitiveness, the Remuneration Committee sets remuneration based on market benchmarks, workload, and responsibilities.

In 2025, it held one meeting with full attendance to review the Directors' and senior management's remuneration.

Remuneration details for the Company's 10 senior management members (see page 30 for profiles) for the year ended 31 December 2025, are as follows:

Remuneration band (RMB'000)	Number of individual
1,000 to 2,000	3
Above 2,000	7

### NOMINATION COMMITTEE

The Nomination Committee was established on 9 October 2005. As of the date of this report, the Nomination Committee comprises executive Director Mr. Jianrong Ma and independent non-executive Directors Mr. Xinggao Liu, Mr. Bingsheng Zhang, and Ms. Feirong Wang. Mr. Jianrong Ma is the Chairman of the Nomination Committee.

The Nomination Committee's main responsibilities are to identify suitable director candidates and make recommendations to the Board. It also regularly reviews the Board's structure, size, and diversity (including skills, knowledge, and experience), providing advice on proposed changes.

The Company has adopted a Nomination Policy, under which the Nomination Committee considers various factors when evaluating director candidates, including reputation, experience in manufacturing (particularly in the textile and apparel industries), time commitment, and diversity factors (such as ethnicity, gender, age, education, professional experience, skills, and tenure).

In 2025, the Nomination Committee held one meeting, with all members in attendance, and reviewed the appointments and re-elections of directors for approval by shareholders at the Annual General Meeting.

### APPOINTMENT AND RE-ELECTION OF DIRECTORS

Upon recommendation by the Nomination Committee, any individual may be appointed as a director by shareholders at the Annual General Meeting or by the Board. According to the Company's Articles of Association ("Articles of Association"), newly appointed directors or those filling vacancies will hold office until the next Annual General Meeting, at which they must stand for re-election. All directors are required to retire every three years and seek re-election by shareholders. Independent non-executive Directors serve a term of no more than three years, which may be automatically renewed for another three years. Any independent non-executive Director who has served on the Board for more than nine years must have their reappointment approved by shareholders through an independent resolution.

## Corporate Governance Report

### AUDIT COMMITTEE

The Company established the Audit Committee in compliance with Rules 3.21 to 3.23 of the Listing Rules on 9 October 2005. As at the date of this annual report, the Audit Committee comprises four independent non-executive Directors, namely Ms. Feirong Wang, Ms. Chunhong Liu, Mr. Xinggao Liu and Mr. Bingsheng Zhang. Ms. Feirong Wang is the Chairman of the Audit Committee.

The Audit Committee is responsible for reviewing the Group's financial practices, risk management, and internal controls, ensuring the integrity of the financial statements and the effectiveness of monitoring systems. Its terms of reference are aligned with the Hong Kong Institute of Certified Public Accountants' guidelines and the CG Code.

In collaboration with management and external auditors, the Audit Committee reviewed the Group's performance, accounting principles, and financial statements, including those for the year ended 31 December 2025. The Audit Committee held three meetings and all members attended to discuss audit procedures and accounting matters. External auditors participated in two of these meetings.

The table below outlines the attendance details of each director at the Annual General Meeting, Board meetings, and board committee meetings in 2025. The overall attendance rate for Board meetings was 100%.

	Board Meeting	Meetings Attended/Held			AGM
		Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	
<b>Executive Directors</b>					
Mr. Jianrong Ma	4/4	–	–	1/1	1/1
Mr. Guanlin Huang	4/4	–	–	–	1/1
Mr. Renhe Ma	4/4	–	1/1	–	1/1
Mr. Cunbo Wang	4/4	–	–	–	1/1
Mr. Jijun Hu*	4/4	–	–	–	1/1
<b>Independent Non-executive Directors</b>					
Mr. Bingsheng Zhang	4/4	3/3	1/1	1/1	1/1
Mr. Xinggao Liu	4/4	3/3	–	1/1	1/1
Ms. Chunhong Liu	4/4	3/3	1/1	–	1/1
Ms. Feirong Wang	4/4	3/3	1/1	1/1	1/1

### FINANCIAL REPORTING

The Board acknowledges its responsibility to prepare true and fair financial statements in accordance with the HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants. The Company adopts appropriate accounting policies and applies them consistently, with all judgments and estimates being prudent and reasonable. The Board is committed to providing a fair and easily understandable assessment of the Group's current position and future prospects in the financial reports.

# Corporate Governance Report

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for assessing and managing the Company's risks, ensuring an effective risk management and internal control system to report the Company's operations to shareholders and the public. The system aims to enhance operational efficiency, safeguard assets, ensure accurate financial reporting, and comply with laws and regulations, while managing business risks.

Risk management is integrated into daily operations, with management responsible for identifying, monitoring, and addressing risks. Management evaluates acceptable risk levels, develops contingency plans, and reports outcomes to the Audit Committee and Board. The Audit Committee and Board guide the Group's risk management strategy and determine acceptable risks.

The Internal Audit Department, reporting to the Chairman, functions effectively in reviewing operations and processes, investigates concerns, and reporting findings to the Audit Committee, Board, and senior management.

The Board reviews the risk management and internal control systems annually, assisted by the Audit Committee, and assesses their effectiveness as of 31 December 2025. The system covers financial reporting, operations, compliance, and risk management, and the Board concludes it is effective and adequate.

The Group has procedures for handling and disclosing inside information, ensuring material information is promptly reported to the Board and disclosed as required by laws and regulations. Since 27 March 2017, the Company has implemented a policy for standardised disclosure responsibilities and procedures.

## EXTERNAL AUDITOR

The Group's independent external auditor is Ernst & Young. The Audit Committee is responsible for reviewing their appointment and non-audit services, assessing any potential conflicts of interest.

For the year ended 31 December 2025, Ernst & Young received RMB3,782,000 for audit services and RMB1,702,000 for non-audit services, primarily related to tax consulting.

The Board is satisfied with the audit fees, process, and efficiency of Ernst & Young and recommends their reappointment as the Company's external auditor at the upcoming Annual General Meeting.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Securities Trading Code") as the standard for directors' securities transactions. All Directors receive a copy of the Securities Trading Code upon appointment and are reminded twice annually, 30 days before the Board meeting for the interim results and 60 days before the meeting for the full-year results, not to trade the Company's securities during the period prior to performance announcements. All transactions must comply strictly with the Securities Trading Code.

After specific inquiry, all Directors have confirmed that they have fully complied with the Securities Trading Code for the year ended 31 December 2025. Senior management, due to their access to unpublished price-sensitive and internal information, are also required to adhere to the trading restrictions set out in the Securities Trading Code.

# Corporate Governance Report

## COMPANY SECRETARY

Mr. Tak Hing Kenji Chan, the Company Secretary, is responsible for the operation and communication coordination of the Board. His biography can be found on page 29 of this annual report. During the year, Mr. Chan completed no less than 15 hours of professional training to enhance his skills and knowledge.

## INVESTOR RELATIONS AND COMMUNICATION

The Board of Directors values shareholder communication and provides operational and financial updates via the annual report, interim report, and AGM. Shareholders are encouraged to express their views directly to the Board. The Investor Relations team engages with analysts and investors, offering updates on strategy and developments. The Company issues announcements periodically and responds to investor inquiries, with the latest information available on its website at [www.shenzhouintl.com](http://www.shenzhouintl.com). To ensure transparency, website content is updated regularly, and shareholders may request a printed version from the Company Secretary free of charge. The Company upholds a policy of open communication and fair disclosure, believing that comprehensive information enhances corporate governance and market confidence.

The Board and senior management are committed to representing shareholders' interests and enhancing shareholder value. The Company encourages shareholders to submit proposals at annual general meetings or extraordinary general meetings. Shareholders who wish to do so should submit a written notice to the Company's registered office, addressed to the Company Secretary. For inquiries, shareholders may contact the Company Secretary via telephone at +852-2310-4920 or email at [contactus@shenzhougroup.com](mailto:contactus@shenzhougroup.com), or raise questions during the meetings. Shareholders seeking further details on the relevant procedures may also consult the Company Secretary.

According to the Company's Articles of Association, shareholders holding no less than one-tenth of the paid-up share capital may submit a written request to the Board or the Company Secretary to convene an extraordinary general meeting to address specific matters. If the Board fails to convene the meeting within 21 days, shareholders may convene the meeting themselves, and the Company will reimburse reasonable expenses incurred.

As there are various means of communication between shareholders and the Company as prescribed above, the Board considers there is existing effective shareholders' communication between shareholders and the Company during the year ended 31 December 2025.

The Company continuously evaluates and enhances its corporate governance framework based on practical experience, regulatory requirements, and global developments to ensure steady improvements in governance standards.

## ARTICLES OF ASSOCIATION

During the year ended 31 December 2025, no significant changes have been made to the Articles of Association.

## Biographical Details of Directors and Members of Senior Management



### EXECUTIVE DIRECTOR

**Mr. Jianrong Ma**, aged 61, is the Executive Chairman of the Group, as well as the chairman of the Nomination Committee. He brings over 40 years of extensive experience in the industry. Prior to joining Shenzhou in 1989, Mr. Ma worked in a cotton spinning mill and a knitwear factory. Since joining the Group, he has held several key positions within its earliest operating entity, Shenzhou Weaving Group Co., Ltd., including the manager of the weaving department, the Deputy General Manager, and the General Manager. Mr. Ma has served as the Executive Chairman since April 2005, overseeing strategic planning, leading the Board, guiding major decisions, and coordinating the overall business development of the Group. He is the brother-in-law of Mr. Guanlin Huang (President and Co-CEO) and Mr. Shan Jin (an Executive Vice President of the Company), and the cousin of Mr. Renhe Ma (President and Co-CEO) (their fathers are brothers).



**Mr. Guanlin Huang**, aged 60, is a President and Co-CEO of the Group. After joining Shenzhou, Mr. Huang served as the Manager of the production and operations department, as well as the Deputy General Manager. Since 2005, he has served as the General Manager. From October 2005 to March 2012, Mr. Huang was the chairman of the Nomination Committee, and in August 2024, he was appointed as one of the Presidents and Co-CEOs. Mr. Huang is the brother-in-law of Mr. Jianrong Ma.



**Mr. Renhe Ma**, aged 65, is a President and Co-CEO of the Group, as well as a member of the Remuneration Committee. After joining Shenzhou, Mr. Ma served as the Manager of the dyeing and finishing department and the Deputy General Manager. He served as the chairman of the Remuneration Committee from October 2005 to March 2012 and later became a member of the Remuneration Committee. In August 2024, Mr. Ma was appointed as one of the Group's Presidents and Co-CEOs. Mr. Ma is a cousin of Mr. Jianrong Ma (their fathers are brothers).



**Mr. Cunbo Wang**, aged 54, is an Executive Vice President (EVP) and the Chief Financial Officer of the Group. Prior to joining the Group, he worked as a Partner and Deputy General Manager in a CPA firm and a corporate management consulting firm in PRC. He obtained the PRC certified public accountant certificate, the PRC registered tax agent certificate and the PRC public certified accountant's license to perform securities and futures-related business.



**Mr. Jijun Hu**, aged 56, is an EVP, and General Manager of the southeast asia garment operations of the Group. Mr. Hu joined the Group in 1989 and has served as the Deputy Manager of the production and operations department and the Vice General Manager of the Group, responsible for sales-related operations. In April 2024, Mr. Hu was appointed as an executive Director of the Company.

## Biographical Details of Directors and Members of Senior Management

### INDEPENDENT NON-EXECUTIVE DIRECTOR

**Mr. Bingsheng Zhang**, aged 64, is an independent non-executive Director, a member of the Audit, Remuneration, and Nomination Committees, and the chairman of the Remuneration Committee. Mr. Zhang holds a bachelor's degree in history and a Ph.D. in international law. He is the standing director of Chinese Society of International Economic and Trade Law Research, an arbitrator in various arbitration commissions, and a lawyer at Zhejiang Alljoin Law Firm. Since February 2021, he has served as an independent director of Zhejiang Reclaim Construction Group Co., Ltd. (a company listed on the main board of the Shenzhen Stock Exchange).

**Ms. Chunhong Liu**, aged 57, is an independent non-executive Director and a member of the Audit and Remuneration Committees. She holds a bachelor's degree and a master's degree in mechanical engineering in textile machinery and a Ph.D. in business management. Ms. Liu previously served as the vice president of Donghua University and the chairwoman of Shanghai Shanghu Digital Technology Limited. She is currently a professor at Donghua University, the chairwoman of the Shanghai Fashion Accessories Society, and an independent non-executive director of HOdo (a company listed on the main board of the Shanghai Stock Exchange).

**Mr. Xinggao Liu**, aged 57, is an independent non-executive Director and a member of the Audit and Nomination Committees. Mr. Liu holds a bachelor's degree and a master's degree in control engineering, as well as a Ph.D. in engineering. He is currently a professor and doctoral supervisor at the College of Control Science and Engineering of Zhejiang University, and a member of the Institute of Electrical and Electronics Engineers and the Institution of Engineering and Technology.

**Ms. Feirong Wang**, aged 51, was appointed as an independent non-executive Director, the chairman of the Audit Committee, and a member of the Remuneration and Nomination Committees in April 2024. She holds a bachelor's degree in industrial management engineering, a master's degree in technology economics and management, and a Ph.D. in management science and engineering. Ms. Wang is a professor at the College of Management of Zhejiang University of Technology. She is a member of the Chinese Institute of Certified Public Accountants.

### COMPANY SECRETARY

**Mr. CHAN Tak Hing, Kenji**, aged 54, serves as the Company Secretary of the Group. Mr. Chan is a member of the Hong Kong Institute of Certified Public Accountants and a certified tax adviser in Hong Kong.

## Biographical Details of Directors and Members of Senior Management

### SENIOR MANAGEMENT

**Mr. Lan Chen**, aged 59, is an EVP of the Group responsible for raw materials procurement business and the General Manager of weaving mills garment business.

**Mr. Honghui Yang**, aged 57, is an EVP of the Group, responsible for production planning, industrial engineering and auxiliary materials procurement business.

**Mr. Shan Jin**, aged 52, is an EVP of the Group responsible for garment manufacturing equipment management and the General Manager of garment production base in Ningbo.

**Mr. Gaofeng Zhou**, aged 44, is a Senior Vice President (SVP) of the Group and the General Manager of garment production base in Ho Chi Minh City.

**Mr. Tao Jiang**, aged 58, is a SVP of the Group, responsible for one of the Group's business divisions.

**Mr. Bin Ma**, aged 53, is a SVP of the Group, responsible for one of the Group's business divisions.

**Mr. Qing Song**, aged 54, is a SVP of the Group, responsible for one of the Group's business divisions.

**Mr. Xianghui Zhuang**, aged 47, is a SVP of the Group, responsible for one of the Group's business divisions.

**Mr. Sadik Kayacik**, aged 52, is a SVP of the Group, leading research and development for garment production automation.

**Mr. Cheng Zhou**, aged 42, is a SVP of the Group, responsible for internal audit.

## Report of the Directors

The Directors of Shenzhou International Group Holdings Limited (the “Company”) are pleased to submit their report together with the audited financial statements of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2025.

### PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding and garment trading. The primary activities of its principal subsidiaries are set out in note 1 to the financial statements.

An analysis of the Group’s performance for the year by business and geographical segments is set out in note 4 to the financial statements and the Management Discussion and Analysis section of this annual report.

### BUSINESS REVIEW AND PERFORMANCE

A fair review of the business of the Group and a discussion and analysis of the Group’s performance during the year and the material factors underlying its results and financial position and principal risks and uncertainties facing the group are provided in the Chairman’s Statement, Financial Review and Business Review sub-sections in the Management Discussion and Analysis section respectively from pages 6 to 7, pages 13 to 17 and pages 12 to 13 of this annual report. The future development of the Group’s business is discussed throughout this annual report including in the Chairman’s Statement and Future Prospects and Strategies sub-section in the Management Discussion and Analysis section from pages 6 to 7 and pages 18 to 19 of this annual report. In addition, more details regarding the Group’s performance by reference to environmental and social-related key performance indicators and policies, are provided in the Group’s 2025 Environmental, Social and Governance Report published at the same time as this annual report. The discussion above forms part of this Report of the Directors.

### RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

For our relationship with employees, customers and suppliers, please refer to the Group’s 2025 Environmental, Social and Governance Report issued on 23 April 2026, as well as the relevant sections in the Report of the Directors, notes to the financial statements and the Management Discussion and Analysis in this annual report.

### RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2025 and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 46 to 119.

The Board recommends the payment of a final dividend of HKD1.20 (equivalent to approximately RMB1.08) per ordinary share for the year ended 31 December 2025 to shareholders whose names appear on the register of members of the Company on 10 June 2026. However, the proposed payment of the dividend shall be subject to approval by shareholders at the forthcoming AGM to be held on 27 May 2026 and subject to such approval having been obtained, the payment of such dividend is expected to be on 23 June 2026.

Interim dividend of HKD1.38 (equivalent to approximately RMB1.26) per share was declared for the six months ended 30 June 2025 (for the six months ended 30 June 2024: HKD1.25 per Share) to the shareholders whose names appeared on the register of members of the Company at the close of business on 16 September 2025. The interim dividend was paid on 26 September 2025.

There was no arrangement under which a shareholder of the Company had waived or agreed to waive any dividend during the year ended 31 December 2025.

## Report of the Directors

### BOOK CLOSURE

The register of members of the Company will be closed from Thursday, 21 May 2026 to Wednesday, 27 May 2026, both dates inclusive, during which period no transfer of shares will be registered. In order to establish the identity of the shareholders who are entitled to attend and vote at the AGM, all transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 20 May 2026.

The register of members of the Company will be closed from Friday, 5 June 2026 to Wednesday, 10 June 2026, both dates inclusive, during which period no transfer of shares will be registered. In order to establish the identity of the shareholders who are entitled to the said final dividend which will be resolved and voted at the AGM, all transfer forms, accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 4 June 2026.

### DIVIDEND POLICY

The Company has adopted a dividend policy. In deciding whether to propose a dividend and in determining the dividend amount, the Board will take into account the Group's earnings performance, financial position, investment requirements and future prospects.

The payment of dividend is also subject to any restrictions under the applicable laws and the Company's Articles of Association.

### RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 40 to the financial statements and in the consolidated statement of changes in equity, respectively.

### DONATIONS

Charitable and other donations made by the Group during the year amounted to approximately RMB3,816,000.

### PROPERTY, PLANT AND EQUIPMENT

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

### SHARE CAPITAL

Details of the movements in the authorised or issued share capital of the Company are set out in note 29 to the financial statements.

### DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2025, calculated in accordance with the Companies Act Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to RMB8,236,258,000, of which RMB1,629,253,000 has been proposed as final dividend for the year.

### PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association and there was no restriction under the laws of Cayman Islands, which would oblige the Company to offer such rights on a pro rata basis to existing shareholders during new shares issue.

## Report of the Directors

### SUMMARY OF FINANCIAL INFORMATION

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 4.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities (including sale of treasury shares, if any) for the year ended 31 December 2025. As at 31 December 2025, the Company did not hold any treasury shares.

### SHARE SCHEME

No share scheme was operated by the Company as at 31 December 2025.

### DIRECTORS

The Directors during the year and up to the Latest Practicable Date were:

#### Executive Directors:

Mr. Jianrong Ma  
Mr. Guanlin Huang  
Mr. Renhe Ma  
Mr. Cunbo Wang  
Mr. Jijun Hu

#### Independent Non-executive Directors:

Mr. Bingsheng Zhang  
Ms. Chunhong Liu  
Mr. Xinggao Liu  
Ms. Feirong Wang

In accordance with Articles 87(1) and 87(2) of the Company's Articles of Association, Mr. Guanlin Huang, Mr. Jijun Hu and Ms. Feirong Wang shall retire by rotation at the forthcoming AGM and, being eligible, have offered themselves for re-election thereat. In accordance with Article 86(3) of the Company's Articles of Association, any Director appointed by the Board shall hold office only until the first annual general meeting of the Company after his/her appointment and shall then be eligible for re-election at that meeting.

The independent non-executive Directors are appointed for a term of three years. The Company has received annual confirmation of independence from each of its independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules and considers that they are all independent.

In accordance with Rule 13.51B(1) of the Listing Rules, there are no changes to information required to be disclosed by the Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) for the year ended 31 December 2025 and up to the Latest Practicable Date.

## Report of the Directors

### DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors entered into a service contract with the Company for a term of three years which will be automatically renewed for another term of three years subject to compliance with the Articles of Association of the Company and the Listing Rules until it is terminated pursuant to the terms of the respective service contract. According to the respective service contract, it may be terminated at any time by either party giving the other party not less than three months' prior written notice.

Each of the independent non-executive Directors entered into a service contract with the Company for a term of three years which will be automatically renewed for another term of three years subject to compliance with the Articles of Association of the Company and the Listing Rules until it is terminated pursuant to the terms of the respective service contract. According to the respective service contract, it may be terminated at any time by the independent non-executive Director giving not less than three months' prior written notice.

Under the respective service contracts, each of the executive Directors is entitled to an annual discretionary management bonus as the Remuneration Committee of the Board may approve, provided that the aggregate amount of the discretionary management bonuses payable to all executive Directors in respect of any financial year of the Group would not exceed 5% of the net profits of the Group after taxation and minority interests and less the aggregate amount of the discretionary management bonuses but before non-recurring items for the relevant financial year.

None of the Directors offering themselves for re-election at the forthcoming AGM has a service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

### PERMITTED INDEMNITY AND DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the year ended 31 December 2025 and as at the Latest Practicable Date, pursuant to the Articles of Association of the Company and subject to the provisions of the Companies Act of the Cayman Islands, every Director, auditor or other officer of the Company was entitled to be indemnified out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses incurred or sustained by him/her as a Director, auditor or other officer of the Company, other than for any matter in respect of any fraud or dishonesty which may attach to any such persons. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Company during the year in respect of any legal actions which may be taken against the Directors and officers in the execution and discharge of their duties or in relation thereto.

### REMUNERATION OF THE DIRECTORS

Details of the remuneration of the Directors are set out in note 9 to the financial statements.

### DIRECTORS' INTERESTS IN CONTRACTS

During the year ended and as at 31 December 2025, no arrangement subsisted to which the Group was a party, and the object of which was to enable any Director to acquire benefits by means of acquisition of shares or debentures of the Company or any other body corporate.

Save as disclosed under the heading "Connected Transactions" and "Continuing Connected Transactions" below and "Related Party Transactions" in note 35 to the financial statements, no Director or an entity connected with a Director had a material interest, either directly or indirectly, in any transaction, arrangement and contract of significance to the business of the Group to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party during or at the end of the year.

## Report of the Directors

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2025, none of the Directors had any interest in any business which competes or is likely to compete, directly or indirectly with the Group's business.

### BIOGRAPHICAL DETAILS OF THE DIRECTORS AND MEMBERS OF SENIOR MANAGEMENT

Brief biographical details of the Directors of the Company and members of the senior management of the Group are set out on pages 28 to 30.

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

As at 31 December 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 ("SFO")) which were recorded in the register required to be kept under section 352 of the SFO, or which were notified to the Company and the Stock Exchange pursuant to the Securities Trading Code, were as follows:

#### Long Positions in Ordinary Shares of the Company

Name	Notes	Capacity and Nature of Interest	Number of Shares	Percentage of the Issued Share Capital of the Company (%)
Mr. Jianrong Ma	1	Interest of controlled corporations	638,096,650	42.45%
Mr. Renhe Ma	2	Interest of controlled corporations	72,136,250	4.80%

Notes:

- As at 31 December 2025, 636,806,950 Shares were held by Keep Glory Limited ("Keep Glory"), a company incorporated in the British Virgin Islands with limited liability, which in turn was owned as to 78.28% by Splendid Steed Investments Limited ("Splendid Steed"), 14.65% by BMX (HK) LTD. ("BMX") and 7.07% by Super China Enterprises Limited ("Super China"). Splendid Steed directly holds 1,289,700 shares. Splendid Steed, a company incorporated in the British Virgin Islands with limited liability, is wholly owned by Mr. Jianrong Ma. BMX, a company incorporated in the British Virgin Islands with limited liability, is wholly owned by Mr. Guanlin Huang (brother-in-law of Mr. Jianrong Ma and son-in-law of Mr. Baoxing Ma). Super China, a company incorporated in the British Virgin Islands with limited liability, is wholly owned by Mr. Baoxing Ma (father of Mr. Jianrong Ma). By virtue of the SFO, Mr. Jianrong Ma is deemed to be interested in the 636,806,950 Shares held by Keep Glory and the 1,289,700 shares held by Splendid Steed.
- As at 31 December 2025, 72,136,250 Shares were held by Fairco Group Limited ("Fairco"), a company incorporated in the British Virgin Islands with limited liability, which in turn was owned as to 76.81% by MCC Group Ltd ("MCC") and 23.19% by certain senior management of the Group including Mr. Cunbo Wang and Mr. Jijun Hu (all being the then executive Directors). MCC, a company incorporated in the British Virgin Islands with limited liability, is wholly owned by Mr. Renhe Ma, an executive Director and a cousin of Mr. Jianrong Ma. By virtue of the SFO, Mr. Renhe Ma is deemed to be interested in the 72,136,250 Shares held by Fairco.

## Report of the Directors

Save as disclosed above, as at 31 December 2025, none of the Directors and chief executive of the Company had or was deemed to have any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were recorded in the register maintained by the Company pursuant to section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the Securities Trading Code.

At no time during the year was the Company, or any of its holding companies, its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the Directors and chief executive of the Company (including their spouse and children under 18 years of age) to acquire benefits by means of acquisition of shares in, or debentures of, the Company or its associated corporation.

No equity-linked agreements were entered into by the Company during the year ended 31 December 2025, or subsisted at 31 December 2025.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES OF THE COMPANY

At 31 December 2025, the following persons (other than a Director or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company, were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Notes	Capacity and Nature of Interest	Number of Shares	Percentage of the Issued Share Capital of the Company
Keep Glory	1	Beneficial owner	636,806,950 (L)	42.36%
Splendid Steed	1	Interest of controlled corporations	636,806,950 (L)	42.36%
Splendid Steed	1	Beneficial owner	1,289,700 (L)	0.09%
Schroders PLC	2	Investment manager	120,690,850 (L)	8.03%
JPMorgan Chase & Co.	3	Beneficial owner, investment manager, person having a security interest in shares or approved lending agent	120,916,011 (L) 7,816,942 (S) 80,976,590 (P)	8.04% 0.52% 5.38%

(L) – Long Position, (S) – Short Position, (P) – Lending pool

Notes:

- As at 31 December 2025, 636,806,950 Shares were held by Keep Glory, a company incorporated in the British Virgin Islands with limited liability, which is owned as to 78.28% by Splendid Steed, 14.65% by BMX and 7.07% by Super China. Splendid Steed, a company incorporated in the British Virgin Islands with limited liability, is wholly owned by Mr. Jianrong Ma. BMX, a company incorporated in the British Virgin Islands with limited liability, is wholly owned by Mr. Guanlin Huang (brother-in-law of Mr. Jianrong Ma and son-in-law of Mr. Baoxing Ma). Super China, a company incorporated in the British Virgin Islands with limited liability, is wholly owned by Mr. Baoxing Ma (father of Mr. Jianrong Ma). By virtue of the SFO, Splendid Steed is deemed to be interested in the 636,806,950 Shares held by Keep Glory. At the same time, Splendid Steed directly holds 1,289,700 shares. Such interests duplicate with Mr. Jianrong Ma's interests set out under the heading "Directors and Chief Executives' Interests and Short Positions in the Shares of the Company" above.

## Report of the Directors

- As at 31 December 2025, 120,690,850 Shares were held by Schroders PLC through several controlled entities, of which, 9,000 Shares were unlisted derivatives – cash settled.
- As at 31 December 2025, interests in the Shares were held by JPMorgan Chase & Co. via different entities in the following capacities:

Number of Shares	Capacity
8,609,244 (L) 7,816,941 (S)	Beneficial owner
30,127,897 (L) 1 (S)	Investment manager
1,202,280 (L) 80,976,590 (L, P)	Person having a security interest in shares Approved lending agent

As at 31 December 2025, JPMorgan Chase & Co. also held the following interests of the Company a long position of 521,614 Shares in physically-settled unlisted derivatives, a short position of 1,471,005 Shares in physically-settled unlisted derivatives, a long position of 6,750,997. Shares in cash-settled unlisted derivatives and a short position of 2,010,993 Shares in cash-settled unlisted derivatives in the Company.

Save as disclosed above, as at 31 December 2025, no person (other than a Director or chief executive of the Company, whose interests are set out in the paragraph headed “Directors and Chief Executives’ Interests and Short Positions in the Shares of the Company” above) had interest or short position in the shares and underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

### CONTROLLING SHAREHOLDER’S INTERESTS IN CONTRACTS

Save as disclosed under the heading “Connected Transactions” and “Connected Continuing Transactions” below and “Related Party Transactions” in note 35 to the financial statements, no controlling shareholder or any of its subsidiaries had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its subsidiaries was a party during the year.

### MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2025.

### MAJOR SUPPLIERS AND CUSTOMERS

The proportions of the Group’s procurement and sales attributable to its major suppliers and customers for the year ended 31 December 2025, are as follows:

	Accounting for of procurement Percentage (%)	Accounting for of sales Percentage (%)
The largest supplier/customer	<b>17.39</b>	29.30
Total of top five suppliers/customers	<b>30.65</b>	86.48

## Report of the Directors

Please refer to note 4 of the financial statements for details of the top three customers.

During the year, none of the Directors, their associates, or any shareholders (to the best of the knowledge of the Directors), holding more than 5% of the Company's share capital had any interest in these suppliers or customers.

### CONNECTED TRANSACTIONS

In accordance with the disclosure requirements under Chapter 14A of the Listing Rules, certain related party transactions disclosed in note 35 of the financial statement also constitute continuing connected transactions under the Listing Rules. During the year ended 31 December 2025, several related parties (as defined under the Listing Rules) entered into and/or continued the transactions listed under the section "Continuing Connected Transactions" below. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules and has made the necessary announcements. Other related party transactions did not constitute connected transactions or continuing connected transactions of the Company.

### CONTINUING CONNECTED TRANSACTIONS

#### Renewal of Lease for Certain Production Properties and Facilities

On 29 December 2022, the Company's wholly-owned subsidiary, Ningbo Shenzhou Knitting Co., Ltd. ("Shenzhou Knitting"), entered into a lease agreement (the "Lease Agreement") with Ningbo Shenzhou Properties Co., Ltd. ("Shenzhou Properties"). Under this agreement, Shenzhou Properties agreed to lease garment production factories and employee dormitories to Shenzhou Knitting, with a lease term from 1 January 2023, to 31 December 2025. Shenzhou Knitting has the right to extend the lease for an additional three years at the then prevailing market rental or below. Shenzhou Knitting may terminate the lease agreement by giving Shenzhou Properties no less than three months' notice. The rent paid to Shenzhou Properties is determined based on the market rate or the cost of leasing the relevant properties plus a 5% profit margin. The Company's management has followed the procedures adopted by the Board to determine the market rental rate for similar properties leased by independent third parties, suggesting an annual rental fee of RMB38,798,028 (including the relevant value-added tax ("VAT")), based on market rental rates for similar properties and production facilities leased to independent third parties in Ningbo, China, and a valuation report. An independent valuer confirmed in the valuation report that the rental amount is fair and reasonable.

In accordance with HKFRS 16, the Group is required to recognise the right-of-use asset value related to the lease agreement. Under the Listing Rules, this continuing connected transaction is treated as the acquisition of an asset by the Group. The Group recognised the initial value of the right-of-use asset at an estimated value of approximately RMB106,176,720, calculated based on the present value of the total lease payments under the agreement. Shenzhou Properties is 80% owned by Mr. Jianrong Ma, an executive Director of the Company, and 20% owned by SZ Nova Renascens Co., Ltd (formerly known as "Ningbo Rongrong Industrial Investment Co., Ltd."), an associate of Mr. Ma. Pursuant to Rule 14A.07(4) of the Listing Rules, Shenzhou Properties is considered a connected person. During the year ended 31 December 2025, the Group paid a total rent of RMB38,798,028 (including the relevant VAT) to Shenzhou Properties.

Details of the above continuing connected transactions are set out in the Company's announcement dated 29 December 2022. The aforementioned lease agreement was extended by three years on 8 December 2025, running until 31 December 2028. For further details, please refer to the Company's announcement dated 8 December 2025.

## Report of the Directors

The independent non-executive directors have reviewed the above continuing connected transactions and confirmed these transactions were: (1) conducted in the ordinary and usual course of the Group's business; (2) made on normal commercial terms or on terms no less favorable to the Company than those available or offered by independent third parties; and (3) executed in accordance with the terms of the relevant agreements, which were fair and reasonable and in the overall interest of the Company's shareholders.

In accordance with the procedures conducted, the Company's auditors also confirmed in their letter that they were not aware of any issues that would cause them to believe that the ongoing transactions: (1) were not approved by the Company's Board of Directors; (2) were not conducted in material compliance with the Group's pricing policy; (3) did not adhere to the regulatory requirements of the relevant agreements in all material respects; or (4) exceeded the annual cap amount disclosed in the Company's announcement dated 29 December 2022.

### COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group, such as the Listing Rules and the HKFRS Accounting Standards. The Board is responsible for monitoring the Group's policies and practices on compliance with legal and regulatory requirements and such policies are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

As far as the Company is aware, it has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

### SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the Latest Practicable Date, the Company had maintained a sufficient public float throughout the year ended 31 December 2025 and as at the Latest Practicable Date prior to the issue of this report.

### TAX RELIEF

The Directors are not aware of any tax relief available to the shareholders by reason of their holding of the Company's shares.

### EMOLUMENT POLICY

Emolument policy on the remuneration of the Directors and the employees of the Group is reviewed periodically and determined by reference to market terms, the Group's performance and individual qualifications and performance.

### AUDITORS

Ernst & Young has audited the financial statements for the year ended 31 December 2025. A resolution for the re-appointment of Ernst & Young as auditors of the Company will be proposed at the forthcoming AGM. There was no change to the auditor of the Company during the preceding three years.

By Order of the Board

*Chairman of the Board*

**Jianrong Ma**

Hong Kong, PRC, 30 March 2026

# Independent Auditor's Report



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## To the shareholders of Shenzhou International Group Holdings Limited

*(Incorporated in the Cayman Islands as an exempted company with limited liability)*

### OPINION

We have audited the consolidated financial statements of Shenzhou International Group Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 46 to 119, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

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

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

## Independent Auditor's Report

### KEY AUDIT MATTERS *(continued)*

#### Key audit matter

#### How our audit addressed the key audit matter

##### *Impairment risks for trade and bills receivables*

As at 31 December 2025, the Group had trade and bills receivables of approximately RMB6,944 million, which accounted for 12.2% of the Group's total assets.

Management performed periodic assessment on the recoverability of the trade receivables and the sufficiency of the provision for impairment based on information including the credit profile of different customers, ageing of the trade receivables, historical settlement records, subsequent settlement status, expected timing and amounts of realisation of outstanding balances, and on-going trading relationships with the relevant customers. Management also considered the forward-looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the expected credit losses for the impairment assessment. No credit loss allowance was provided based on management's impairment assessment.

A high level of management's estimate was required when assessing the impairment of trade and bills receivables under the expected credit loss model.

The accounting policies and disclosures for trade and bills receivables are included in notes 2.4, 3 and 20 to the consolidated financial statements.

Our audit procedures to assess the impairment of trade and bills receivables included, but were not limited to, obtaining an understanding of and evaluating the key controls that the Group has implemented to manage and monitor its credit risk, and testing the effectiveness on a sample basis; checking the ageing of the trade receivables as at 31 December 2025 and subsequent settlements to bank receipts; inquiring of management for the on-going business relationship with the customers based on trade records; assessing the appropriateness of the expected credit loss provisioning methodology by examining the key data inputs on a sample basis to assess its accuracy and completeness, and reviewing the assumptions, including both historical and forward-looking information, used to determine the expected credit losses.

## Independent Auditor's Report

### KEY AUDIT MATTERS *(continued)*

#### Key audit matter

#### How our audit addressed the key audit matter

##### *Provision for obsolete raw materials and raw fabrics*

The gross raw materials and raw fabrics balances were material to the consolidated financial statements. Management assesses the ageing and condition of raw materials and raw fabrics at the end of each reporting period. Significant management's estimate is required when assessing the adequacy of provision.

The accounting policies and disclosures for raw materials and raw fabrics and the related obsolescence provision are included in notes 2.4, 3 and 19 to the consolidated financial statements.

We assessed the processes, methods and assumptions used to develop the provision for obsolete items. This included comparing management's calculations for consistency against those used in the prior year.

We evaluated the reasonableness of the percentages and other parameters adopted in the calculation of provision by comparing the net realisable value with the selling price achieved subsequent to the end of the reporting period.

We assessed, on a sample basis, whether items in the inventory ageing report were classified within the appropriate ageing groups by comparing the individual items selected with the underlying records which indicated the ageing.

We observed physical condition of raw materials and raw fabrics during stock take to identify slow-moving, damaged, or obsolete items, and inquired of management if appropriate inventory provision had been provided for those raw materials and raw fabrics.

## Independent Auditor's Report

### **OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT**

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

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

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

### **RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

## Independent Auditor's Report

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

## Independent Auditor's Report

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Yee Chung Man (practising certificate number: P05744).

#### **Ernst & Young**

*Certified Public Accountants*

Hong Kong, PRC

30 March 2026

## Consolidated Statement of Profit or Loss

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>REVENUE</b>	5	<b>30,993,732</b>	28,662,938
Cost of sales		<b>(22,828,372)</b>	(20,608,041)
Gross profit		<b>8,165,360</b>	8,054,897
Other income	6	<b>1,431,111</b>	1,234,771
Selling and distribution expenses		<b>(250,272)</b>	(276,283)
Administrative expenses		<b>(2,095,323)</b>	(1,938,336)
Finance costs	8	<b>(335,348)</b>	(375,348)
Other (expenses)/gains, net	6	<b>(254,259)</b>	458,775
Share of profits of associates	18	<b>4,506</b>	5,302
<b>PROFIT BEFORE TAX</b>	7	<b>6,665,775</b>	7,163,778
Income tax expenses	12	<b>(840,513)</b>	(923,197)
<b>PROFIT FOR THE YEAR</b>		<b>5,825,262</b>	6,240,581
Attributable to:			
Owners of the parent		<b>5,825,262</b>	6,240,581
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	14		
Basic and diluted (RMB)		<b>3.88</b>	4.15

## Consolidated Statement of Comprehensive Income

Year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
<b>PROFIT FOR THE YEAR</b>	<b>5,825,262</b>	6,240,581
<b>OTHER COMPREHENSIVE LOSS</b>		
Other comprehensive loss:		
Exchange differences on translation of foreign operations	<b>(512,604)</b>	(68,815)
Net other comprehensive loss	<b>(512,604)</b>	(68,815)
<b>OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX</b>	<b>(512,604)</b>	(68,815)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>5,312,658</b>	6,171,766
<b>ATTRIBUTABLE TO:</b>		
Owners of the parent	<b>5,312,658</b>	6,171,766

# Consolidated Statement of Financial Position

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	15	<b>11,666,268</b>	10,763,046
Right-of-use assets	16(a)	<b>2,218,359</b>	1,938,816
Intangible assets	17	<b>125,756</b>	131,840
Bank deposits – non-current	23	<b>200,968</b>	1,165,918
Long-term prepayments	21	<b>412,101</b>	408,678
Investments in associates	18	<b>21,697</b>	15,154
Deferred tax assets	28	<b>134,122</b>	112,611
<b>Total non-current assets</b>		<b>14,779,271</b>	14,536,063
<b>CURRENT ASSETS</b>			
Inventories	19	<b>6,709,855</b>	6,884,954
Trade and bills receivables	20	<b>6,943,819</b>	6,151,331
Prepayments and other receivables	21	<b>458,229</b>	484,563
Amounts due from related parties	35(c)	<b>4,020</b>	1,195
Financial assets at fair value through profit or loss	22	<b>1,702,816</b>	1,303,978
Pledged deposits	23	<b>–</b>	5,440
Bank deposits – current	23	<b>10,934,131</b>	12,871,494
Cash and cash equivalents	23	<b>15,410,854</b>	10,868,830
<b>Total current assets</b>		<b>42,163,724</b>	38,571,785
<b>CURRENT LIABILITIES</b>			
Trade payables	24	<b>1,382,544</b>	1,493,021
Contract liabilities	25	<b>5,251</b>	18,900
Other payables and accruals	26	<b>2,100,194</b>	1,695,053
Amounts due to related parties	35(c)	<b>62,534</b>	–
Interest-bearing bank borrowings	27	<b>14,601,497</b>	12,818,564
Lease liabilities	16(b)	<b>13,836</b>	47,371
Tax payable		<b>677,687</b>	753,254
<b>Total current liabilities</b>		<b>18,843,543</b>	16,826,163

## Consolidated Statement of Financial Position

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>NET CURRENT ASSETS</b>		<b>23,320,181</b>	21,745,622
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>38,099,452</b>	36,281,685
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings	27	<b>198,000</b>	–
Lease liabilities	16(b)	<b>56,138</b>	66,682
Deferred tax liabilities	28	<b>353,396</b>	362,108
Total non-current liabilities		<b>607,534</b>	428,790
<b>NET ASSETS</b>		<b>37,491,918</b>	35,852,895
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	29	<b>151,200</b>	151,200
Reserves	30	<b>37,340,718</b>	35,701,695
Total equity		<b>37,491,918</b>	35,852,895

**Jianrong Ma**

*Chairman and Executive Director*

**Guanlin Huang**

*President and Co-Chief Executive Officer*

## Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Notes	Attributable to owners of the parent							Total equity
		Share capital (note 29)	Share premium account*	Statutory surplus reserve* (note 30(i))	Exchange fluctuation reserve* (note 30(ii))	Employee equity		Retained profits*	
						benefits reserve*	Other reserve* (note 30(iii))		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
As at 1 January 2024		151,200	297,183	1,929,947	372,355	48,191	136,506	29,931,934	32,867,316
Profit for the year		-	-	-	-	-	-	6,240,581	6,240,581
Exchange differences related to foreign operations		-	-	-	(68,815)	-	-	-	(68,815)
Total comprehensive income for the year		-	-	-	(68,815)	-	-	6,240,581	6,171,766
Final 2023 dividend declared	13	-	-	-	-	-	-	(1,471,198)	(1,471,198)
Interim 2024 dividend	13	-	-	-	-	-	-	(1,714,989)	(1,714,989)
Transfer from retained profits		-	-	132,533	-	-	-	(132,533)	-
As at 31 December 2024		151,200	297,183	2,062,480	303,540	48,191	136,506	32,853,795	35,852,895

	Notes	Attributable to owners of the parent							Total equity
		Share capital (note 29)	Share premium account*	Statutory surplus reserve* (note 30(i))	Exchange fluctuation reserve* (note 30(ii))	Employee equity		Retained profits*	
						benefits reserve*	Other reserve* (note 30 (iii))		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
As at 1 January 2025		151,200	297,183	2,062,480	303,540	48,191	136,506	32,853,795	35,852,895
Profit for the year		-	-	-	-	-	-	5,825,262	5,825,262
Exchange differences related to foreign operations		-	-	-	(512,604)	-	-	-	(512,604)
Total comprehensive income for the year		-	-	-	(512,604)	-	-	5,825,262	5,312,658
Final 2024 dividend declared	13	-	-	-	-	-	-	(1,781,739)	(1,781,739)
Interim 2025 dividend	13	-	-	-	-	-	-	(1,891,896)	(1,891,896)
Transfer from retained profits		-	-	72,809	-	-	-	(72,809)	-
As at 31 December 2025		151,200	297,183	2,135,289	(209,064)	48,191	136,506	34,932,613	37,491,918

\* These reserve accounts comprise the consolidated reserves of RMB37,340,718,000 (2024: RMB35,701,695,000) in the consolidated statement of financial position.

## Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>6,665,775</b>	7,163,778
Adjustments for:			
Finance costs	8	<b>335,348</b>	375,348
Share of profits of associates	18	<b>(4,506)</b>	(5,302)
Interest income	6	<b>(1,094,796)</b>	(1,075,710)
Fair value gains on financial assets at fair value through profit or loss, net		<b>(32,580)</b>	(18,910)
Loss on disposal of items of property, plant and equipment	6	<b>28,178</b>	35,774
Gain on disposal of items of right-of-use assets	6	<b>–</b>	(372,553)
Foreign exchange (gains)/losses	31	<b>(44,251)</b>	23,610
Depreciation of items of property, plant and equipment	7	<b>1,360,486</b>	1,401,333
Depreciation of right-of-use assets	7	<b>104,961</b>	98,013
Amortisation of intangible assets	7	<b>23,994</b>	22,654
		<b>7,342,609</b>	7,648,035
Decrease/(increase) in inventories		<b>175,099</b>	(760,219)
Increase in trade and bills receivables		<b>(792,488)</b>	(1,127,696)
Decrease/(increase) in prepayments and other receivables		<b>40,326</b>	(68,270)
(Increase)/decrease in amounts due from related parties		<b>(2,825)</b>	2,146
(Decrease)/increase in trade payables		<b>(110,477)</b>	294,809
Decrease in contract liabilities		<b>(13,649)</b>	(4,453)
Increase in other payables and accruals		<b>135,100</b>	104,892
Increase/(decrease) in amounts due to related parties		<b>62,534</b>	(3,558)
		<b>6,836,229</b>	6,085,686
Cash generated from operations		<b>6,836,229</b>	6,085,686
Interest paid		<b>(326,533)</b>	(377,394)
Hong Kong profits tax (paid)/refunded		<b>(14,565)</b>	17,417
Overseas withholding tax paid		<b>(8,175)</b>	(9,534)
Macao corporate income tax paid		<b>(226,565)</b>	(187,081)
Vietnam corporate income tax paid		<b>(307,476)</b>	(111,791)
Cambodia corporate income tax paid		<b>(487)</b>	(458)
PRC corporate income tax paid		<b>(403,027)</b>	(143,881)
		<b>5,549,401</b>	5,272,964
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>5,549,401</b>	5,272,964

## Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Net cash flows from operating activities		5,549,401	5,272,964
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		1,391,627	785,120
Investment income received from financial products included in financial assets at fair value through profit or loss		33,742	14,843
Dividends received from associates		5,343	3,618
Purchases of items of property, plant and equipment		(2,442,502)	(1,521,769)
Proceeds from disposal of items of property, plant and equipment		17,103	153,724
Proceeds from disposal of right-of-use assets		–	555,981
Prepayments for right-of-use assets		(278,569)	(328,401)
Purchases of intangible assets		(17,911)	(25,966)
Investments in associates		(7,380)	–
Decrease in pledged deposits		5,440	9,272
Increase in investments in financial assets at fair value through profit or loss		(400,000)	(496,022)
Decrease/(increase) in investments in bank deposits with an initial term of over three months		2,605,482	(2,619,717)
<b>NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		<b>912,375</b>	<b>(3,469,317)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New bank loans	31	19,895,405	11,331,071
Repayment of bank loans	31	(17,728,334)	(10,747,153)
Principal portion of lease payments	31	(49,233)	(48,687)
Dividends paid to owners of the parent		(3,673,635)	(3,186,187)
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>		<b>(1,555,797)</b>	<b>(2,650,956)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>4,905,979</b>	<b>(847,309)</b>

## Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Cash and cash equivalents at beginning of year		<b>10,868,830</b>	11,596,453
Effect of foreign exchange rate changes, net		<b>(363,955)</b>	119,686
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>15,410,854</b>	10,868,830
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	23	<b>3,546,375</b>	3,468,872
Non-pledged time deposits with original maturity of less than three months when acquired		<b>11,864,479</b>	7,405,398
Less: Pledged deposits	23	-	(5,440)
Cash and cash equivalents as stated in the statement of cash flows	23	<b>15,410,854</b>	10,868,830

# Notes to Financial Statements

31 December 2025

## 1. CORPORATE AND GROUP INFORMATION

Shenzhou International Group Holdings Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 23 June 2005. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Main Board”) since 24 November 2005.

The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the manufacture and sale of knitwear products (the “Knitwear Business”).

In the opinion of the directors, Splendid Steed Investments Limited, a company incorporated in the British Virgin Islands (“BVI”), is the ultimate holding company of the Company. Keep Glory Limited, a company incorporated in the BVI, is the intermediate holding company of the Company.

### Information about subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Name	Place of incorporation/ registration and nature of legal entity	Issued share capital	Percentage of equity attributable to the company		Principal activities and place of operations
			Direct	Indirect	
Ningbo Shenzhou Knitting Co., Ltd. ("Shenzhou Knitting")	PRC, wholly-foreign-owned enterprise	US\$250,000,000	–	100%	Manufacture and sale of knitwear products in Chinese mainland
Ningbo Daqian Knitwear Co., Ltd. ("Daqian Knitting")	PRC, wholly-foreign-owned enterprise	US\$622,500,000	–	100%	Manufacture and sale of knitwear products in Chinese mainland
SZ Fare Apparel (Ningbo) Co., Ltd. ("SZ Fare Apparel Ningbo")	PRC, wholly-foreign-owned enterprise	US\$50,000,000	–	100%	Trading in Chinese mainland
Master Limited ("Master Macao")	Macao, limited liability company	MOP1,000,000	–	100%	Trading in Macao
Exaltis Investments Ltd ("Exaltis Investments")	BVI, limited liability company	US\$10,000	100%	–	Investment holding in the BVI
Evertranquil Investments Ltd ("Evertranquil Investments")	BVI, limited liability company	US\$30,002	100%	–	Investment holding in the BVI and property leasing in Hong Kong

# Notes to Financial Statements

31 December 2025

## 1. CORPORATE AND GROUP INFORMATION *(continued)*

### Information about subsidiaries *(continued)*

Name	Place of incorporation/ registration and nature of legal entity	Issued share capital	Percentage of equity attributable to the company		Principal activities and place of operations
			Direct	Indirect	
Evertranquil Investments (H.K.) Limited ("Evertranquil Investments (H.K.)")	Hong Kong, limited liability company	HK\$100	–	100%	Investment holding and import and export of commodities in Hong Kong
SZ Veritas Ltd ("SZ Veritas")	BVI, limited liability company	US\$10,000	100%	–	Investment holding in the BVI
Gain Lucky (Vietnam) Co., Ltd. ("Gain Lucky Vietnam")	Vietnam, limited liability company	US\$50,000,000	–	100%	Manufacture and sale of knitwear products in Vietnam
Worldon (Vietnam) Co., Ltd. ("Worldon Vietnam")	Vietnam, limited liability company	US\$36,000,000	–	100%	Manufacture and processing of knitwear products in Vietnam
Global Hantex Co., Ltd. ("Global Hantex")	Vietnam, limited liability company	US\$60,000,000	–	100%	Manufacture and processing of knitwear products in Vietnam
Marvel Garment Co., Ltd. ("Marvel Garment")	Kingdom of Cambodia, limited liability company	US\$30,000,000	–	100%	Manufacture and sale of knitwear products in Cambodia
Rong Win Garment Co., Ltd. ("Rong Win")	Kingdom of Cambodia, wholly-foreign-owned enterprise	US\$8,000,000	–	100%	Manufacture and sale of knitwear products in Cambodia
Sunfair Garment Co., Ltd. ("Sunfair Garment")	Kingdom of Cambodia, limited liability company	US\$36,000,000	–	100%	Manufacture and sale of knitwear products in Cambodia

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

#### *Basis of consolidation*

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

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

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

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

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

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

# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES *(continued)*

### 2.1 Basis of preparation *(continued)*

#### ***Basis of consolidation*** *(continued)*

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

### 2.2 Changes in accounting policies and disclosures

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

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

### 2.3 Issued but not yet effective HKFRS accounting standards

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

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

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026

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

<sup>3</sup> No mandatory effective date yet determined but available for adoption

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

# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES *(continued)*

### 2.3 Issued but not yet effective HKFRS accounting standards *(continued)*

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

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

# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES *(continued)*

### 2.3 Issued but not yet effective HKFRS accounting standards *(continued)*

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

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

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

# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES *(continued)*

### 2.3 Issued but not yet effective HKFRS accounting standards *(continued)*

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

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

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

# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material accounting policies

#### ***Investments in associates***

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

#### ***Fair value measurement***

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

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

# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material accounting policies *(continued)*

#### ***Fair value measurement*** *(continued)*

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

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

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

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

#### ***Impairment of non-financial assets***

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

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material accounting policies *(continued)*

#### **Impairment of non-financial assets** *(continued)*

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

#### **Related parties**

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

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material accounting policies *(continued)*

#### ***Property, plant and equipment and depreciation***

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for “Non-current assets and disposal groups held for sale”. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

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

<b>Category</b>	<b>Estimated useful life</b>	<b>Residual value</b>
Buildings	20 – 25 years	0% – 10%
Plant and machinery	10 years	0% – 10%
Vehicles	5 – 15 years	0% – 10%
Furniture and fixtures	2 – 5 years	0% – 10%

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

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

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

# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material accounting policies *(continued)*

#### ***Intangible assets (other than goodwill)***

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives. The estimated useful lives of intangible assets are as follows:

<b>Category</b>	<b>Estimated useful life</b>
Software	4 – 10 years
Water use right	20 years

#### ***Research and development costs***

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

#### ***Leases***

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

#### ***Group as a lessee***

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

# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material accounting policies *(continued)*

#### *Leases (continued)*

##### *Group as a lessee (continued)*

##### *(a) Right-of-use assets*

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

Leasehold land	30 – 50 years
Buildings	3 – 20 years

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

##### *(b) Lease liabilities*

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

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

# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material accounting policies *(continued)*

#### **Leases** *(continued)*

##### *Group as a lessee (continued)*

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

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

##### *Group as a lessor*

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

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

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

#### **Investments and other financial assets**

##### *Initial recognition and measurement*

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

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

# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material accounting policies *(continued)*

#### **Investments and other financial assets** *(continued)*

##### *Initial recognition and measurement (continued)*

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

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

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

##### *Subsequent measurement*

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

##### *Financial assets at amortised cost (debt instruments)*

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

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

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

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

##### *Financial assets at fair value through profit or loss*

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

# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material accounting policies *(continued)*

#### ***Derecognition of financial assets***

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

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

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

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

#### ***Impairment of financial assets***

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

#### ***General approach***

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

# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material accounting policies *(continued)*

#### **Impairment of financial assets** *(continued)*

##### *General approach (continued)*

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

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

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

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade and bills receivables which apply the simplified approach as detailed below.

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

##### *Simplified approach*

For trade and bills receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material accounting policies *(continued)*

#### **Financial liabilities**

##### *Initial recognition and measurement*

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

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

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

##### *Subsequent measurement*

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

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

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

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

##### **Derecognition of financial liabilities**

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

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

##### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material accounting policies *(continued)*

#### ***Inventories***

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

#### ***Cash and cash equivalents***

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

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

#### ***Provisions***

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss.

#### ***Income tax***

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

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

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except that deferred tax is not recognised for the Pillar Two income taxes.

# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material accounting policies *(continued)*

#### **Income tax** *(continued)*

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and an associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries and an associate, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material accounting policies *(continued)*

#### **Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the consolidated statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the consolidated statement of profit or loss by way of a reduced depreciation charge.

#### **Revenue recognition**

##### *Revenue from contracts with customers*

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

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

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

##### *Sale of knitwear products*

Revenue from the sale of knitwear products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery or pick-up of the knitwear products.

##### *Revenue from other sources*

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

# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material accounting policies *(continued)*

#### **Revenue recognition** *(continued)*

##### *Other income*

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

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

#### **Contract liabilities**

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

#### **Employee benefits**

##### *Pension schemes*

The employees of the Group's subsidiaries which operate in the Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

#### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material accounting policies *(continued)*

#### ***Events after the reporting period***

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

#### ***Dividends***

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

#### ***Foreign currencies***

These financial statements are presented in RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss.

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

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

# Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material accounting policies *(continued)*

#### *Foreign currencies (continued)*

The functional currency of the Company is the Hong Kong dollar (“HK\$”). The functional currencies of certain subsidiaries located outside the Chinese mainland are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

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

For the purpose of the consolidated statement of cash flows, the cash flows of the Company and overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the company and overseas subsidiaries which arise throughout the year are translated into RMB at the average exchange rates for the year.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

### Judgements

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

#### *Deferred tax assets*

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has tax losses of RMB565,137,000 (2024: RMB712,498,000) carried forward. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward. Further details on deferred taxes are disclosed in note 28 to the financial statements.

# Notes to Financial Statements

31 December 2025

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

### **Estimation uncertainty**

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

#### ***Provision for expected credit losses on trade and bills receivables***

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

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

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

#### ***Inventory obsolescence provisions***

The management of the Group reviews the ageing analysis at the end of the reporting period, and makes allowance for obsolete inventory items identified that are not suitable for use in current production. Management estimates the net realisable value for such raw materials, work in progress and finished goods based primarily on the latest invoice prices and current market conditions.

#### ***Useful lives of property, plant and equipment***

The Group's management determines the estimated useful lives and consequently related depreciation charges. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to the industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

## Notes to Financial Statements

31 December 2025

### 4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and there is one reportable operating segment: the manufacture and sale of knitwear products. Management monitors the operating results of its business units as a whole for the purpose of making decisions about resource allocation and performance assessment.

#### Geographical information

##### (a) Revenue from external customers

	2025 RMB'000	2024 RMB'000
Chinese mainland	7,387,188	8,061,175
European Union	6,261,762	5,190,059
United States of America	5,582,598	4,611,826
Japan	5,144,000	4,834,111
Other regions	6,618,184	5,965,767
<b>Total revenue</b>	<b>30,993,732</b>	28,662,938

The revenue information above is based on the delivery destinations of the products.

##### (b) Non-current assets

	2025 RMB'000	2024 RMB'000
Chinese mainland	5,987,214	5,950,811
Vietnam	5,199,947	4,239,841
Cambodia	2,968,534	2,750,106
Other regions	266,789	301,622
<b>Total non-current assets</b>	<b>14,422,484</b>	13,242,380

The non-current asset information above is based on the locations of the assets and excludes long-term time deposits at banks, investments in associates and deferred tax assets.

# Notes to Financial Statements

31 December 2025

## 4. OPERATING SEGMENT INFORMATION *(continued)*

### Information about major customers

Revenue from major customers which individually accounts for 10% or more of the Group's revenue is as follows:

	2025 RMB'000	2024 RMB'000
Customer A	9,080,179	7,985,314
Customer B	7,532,045	7,398,654
Customer C	6,434,424	4,998,249

## 5. REVENUE

An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000
<i>Revenue from contracts with customers</i>		
Sale of goods – at a point in time	30,993,732	28,662,938

### Revenue from contracts with customers

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

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of goods	18,900	23,353

### (ii) Performance obligations

The Group's performance obligation is satisfied upon delivery or pick-up of the knitwear products and payment is generally due within 30 to 180 days from delivery.

## Notes to Financial Statements

31 December 2025

### 6. OTHER INCOME, OTHER (EXPENSES)/GAINS, NET

	2025 RMB'000	2024 RMB'000
<b>Other income</b>		
Government grants	<b>327,776</b>	151,315
Interest income	<b>1,094,796</b>	1,075,710
Rental income	<b>8,539</b>	7,746
<b>Total</b>	<b>1,431,111</b>	1,234,771
<b>Other (expenses)/gains, net</b>		
Fair value gains, net:		
Financial assets at fair value through profit or loss		
– mandatorily classified as such	<b>32,580</b>	18,910
Gain on disposal of items of right-of-use assets	–	372,553
Loss on disposal of items of property, plant and equipment	<b>(28,178)</b>	(35,774)
Foreign exchange differences, net	<b>(256,142)</b>	105,549
Others	<b>(2,519)</b>	(2,463)
<b>Total</b>	<b>(254,259)</b>	458,775

## Notes to Financial Statements

31 December 2025

### 7. PROFIT BEFORE TAX

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

	Notes	2025 RMB'000	2024 RMB'000
Cost of inventories sold*		<b>22,761,332</b>	20,572,130
Depreciation of items of property, plant and equipment	15	<b>1,360,486</b>	1,401,333
Depreciation of right-of-use assets	16(a)	<b>104,961</b>	98,013
Amortisation of intangible assets	17	<b>23,994</b>	22,654
Lease payments not included in the measurement of lease liabilities	16(c)	<b>2,804</b>	5,620
Auditor's remuneration		<b>3,782</b>	3,788
Employee benefit expense (including directors' and chief executive's remuneration (note 9)):			
Wages and salaries		<b>7,555,432</b>	6,894,284
Pension scheme contributions (defined contribution scheme)**	11	<b>856,685</b>	749,239
Other benefits		<b>284,186</b>	278,197
<b>Total</b>		<b>8,696,303</b>	7,921,720
Foreign exchange differences, net		<b>256,142</b>	(105,549)
Impairment of inventories, net		<b>67,040</b>	35,911
Fair value gains, net:			
Financial assets at fair value through profit or loss			
– mandatorily classified as such	6	<b>(32,580)</b>	(18,910)
Interest income	6	<b>(1,094,796)</b>	(1,075,710)
Loss on disposal of items of property, plant and equipment	6	<b>28,178</b>	35,774
Gain on disposal of items of right-of-use assets	6	<b>–</b>	(372,553)

\* Cost of inventories sold include expenses relating to depreciation of items of property, plant and equipment, depreciation of right-of-use assets, amortisation of intangible assets and employee benefit expense, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

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

### 8. FINANCE COSTS

An analysis of finance costs is as follows:

	Note	2025 RMB'000	2024 RMB'000
Interest on bank borrowings		<b>331,580</b>	369,809
Interest on lease liabilities	16(b)	<b>3,768</b>	5,539
<b>Total</b>		<b>335,348</b>	375,348

## Notes to Financial Statements

31 December 2025

### 9. DIRECTORS' REMUNERATION

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

	2025 RMB'000	2024 RMB'000
Fees	384	384
Other emoluments:		
Salaries, allowances and benefits in kind	20,026	20,480
Pension scheme contributions	117	133
Subtotal	20,143	20,613
Total	20,527	20,997

Executive directors (including the chief executive) and independent non-executive directors:

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
<b>2025</b>				
Executive directors:				
Mr. Jianrong Ma	–	4,955	23	4,978
Mr. Guanlin Huang	–	4,002	25	4,027
Mr. Renhe Ma	–	4,648	16	4,664
Mr. Cunbo Wang	–	3,386	35	3,421
Mr. Jijun Hu	–	2,879	18	2,897
Subtotal	–	19,870	117	19,987
Independent non-executive directors:				
Ms. Feirong Wang	96	39	–	135
Mr. Xinggao Liu	96	39	–	135
Ms. Chunhong Liu	96	39	–	135
Mr. Bingsheng Zhang	96	39	–	135
Subtotal	384	156	–	540
Total	384	20,026	117	20,527

## Notes to Financial Statements

31 December 2025

### 9. DIRECTORS' REMUNERATION *(continued)*

Executive directors (including the chief executive) and independent non-executive directors: *(continued)*

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
<b>2024</b>				
Executive directors:				
Mr. Jianrong Ma	–	4,948	33	4,981
Mr. Guanlin Huang	–	4,474	33	4,507
Mr. Renhe Ma	–	4,617	17	4,634
Mr. Cunbo Wang	–	3,392	33	3,425
Mr. Jijun Hu	–	2,888	17	2,905
Subtotal	–	20,319	133	20,452
Independent non-executive directors:				
Ms. Feirong Wang	72	38	–	110
Mr. Xianpin Jiang	24	9	–	33
Mr. Xinggao Liu	96	38	–	134
Ms. Chunhong Liu	96	38	–	134
Mr. Bingsheng Zhang	96	38	–	134
Subtotal	384	161	–	545
Total	384	20,480	133	20,997

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

## Notes to Financial Statements

31 December 2025

### 10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director (2024: three directors), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining four (2024: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	25,433	9,317
Pension scheme contributions	51	30
<b>Total</b>	<b>25,484</b>	9,347

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

	Number of employees	
	2025	2024
HK\$4,500,001 to HK\$5,000,000	–	1
HK\$5,000,001 to HK\$5,500,000	–	1
HK\$6,000,001 to HK\$6,500,000	2	–
HK\$6,500,001 to HK\$7,000,000	1	–
HK\$8,000,001 to HK\$8,500,000	1	–
<b>Total</b>	<b>4</b>	2

### 11. RETIREMENT BENEFITS

	2025 RMB'000	2024 RMB'000
Charged to the consolidated statement of profit or loss		
– Retirement benefit contributions	856,685	749,239

The retirement benefits of full-time employees of the Group in Mainland are covered by various government-sponsored pension plans under which the premiums and welfare benefit contributions that should be borne by the Group are calculated based on percentages of the total salaries of employees, subject to a certain ceiling, and are paid to the relevant government authorities.

# Notes to Financial Statements

31 December 2025

## 11. RETIREMENT BENEFITS *(continued)*

The Group also participates in a defined contribution scheme, the MPF Scheme, in Hong Kong under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Shenzhou Cambodia, Daqian Cambodia, Rong Win, Marvel Garment, Sunfair Garment, Gain Lucky Vietnam, Worldon Vietnam and Global Hantex, wholly-owned subsidiaries incorporated in the Kingdom of Cambodia and Vietnam, are required to contribute amounts based on employees' salaries (defined contributions) to the retirement benefit schemes as stipulated by the relevant local authorities.

Master Macao, a wholly-owned subsidiary incorporated in Macao, is required to contribute a certain amount to the retirement benefit scheme as stipulated by the relevant local authority.

The Group has no further obligation for post-retirement benefits or housing funds beyond the contributions in respect of the above.

## 12. INCOME TAX

The major components of income tax expense for the years ended 31 December 2025 and 2024 are:

	2025 RMB'000	2024 RMB'000
Current Hong Kong profits tax	8,389	12,242
Current overseas withholding tax	8,175	9,534
Current Vietnam profits tax (excluding Pillar Two income taxes)	150,035	117,599
Current Cambodia profits tax	478	424
Current Macao profits tax	300,808	220,958
Current Chinese mainland corporate income tax ("CIT")	201,416	362,666
Pillar Two income taxes – current tax*	201,435	184,683
Deferred taxation (note 28)	(30,223)	15,091
Total	840,513	923,197

\* The current tax expense mainly relates to Vietnam.

# Notes to Financial Statements

31 December 2025

## 12. INCOME TAX *(continued)*

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Council that no law enacted in the Cayman Islands imposing any tax to be levied on profits, income, gain or appreciation shall apply to the Company or its operations.

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. The first HK\$2,000,000 (2024: HK\$2,000,000) of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

The subsidiaries incorporated in the BVI are not subject to income tax as these subsidiaries do not have a place of business (but only a registered office) or carry on any business in the BVI.

The subsidiaries incorporated in the Kingdom of Cambodia are subject to income tax at a rate of 20% (2024: 20%). Under the laws and regulations of Cambodia, certain subsidiaries are entitled to an exemption from income tax for three years after the first income-generating year. Furthermore, one subsidiary is entitled to enjoy a lower income tax rate of 5% for the 4th to 5th years, 10% for the 6th to 7th years and 15% for the 8th to 9th years. Another subsidiary is entitled to an exemption from income tax for an additional five years ending on 31 December 2026.

The subsidiary incorporated in Japan, under the Law of Taxation in Japan, is subject to income tax at a rate of 30% (2024: 30%) of the assessable profits arising in Japan. No provision for income tax has been made as the subsidiary had no assessable profits arising in Japan during the year.

Three subsidiaries incorporated in Vietnam, are subject to income tax at a rate of 20%. Under the laws and regulations of Vietnam, two subsidiaries are entitled to enjoy a lower profits tax rate of 10%. Furthermore, one is entitled to an exemption from income tax for four years ended 31 December 2019 and a 50% reduction for nine years from 1 January 2020. The other subsidiary is entitled to an exemption from income tax for four years ended 31 December 2020 and a 50% reduction for nine years from 1 January 2021. The third subsidiary is entitled to enjoy a lower profits tax rate of 17% for three years ending on 31 December 2026.

Pursuant to Macao's relevant tax legislations, the subsidiary incorporated in Macao is subject to income tax at a rate of 12% of the accessible profits arising in Macao during the current year.

Pursuant to the Corporate Income Tax Law of the People's Republic of China (the "New CIT Law"), the PRC subsidiaries as determined for the year in accordance with the New CIT Law are subject to tax at a rate of 25% on their assessable income. A subsidiary is qualified as a High-New Technology Enterprise, and is entitled to a concessionary rate of income tax at 15% for three years commencing 1 January 2025. Two subsidiaries are qualified as micro and small companies and entitled to a concessionary rate of income tax of 5%.

## Notes to Financial Statements

31 December 2025

### 12. INCOME TAX *(continued)*

A reconciliation between the tax expense and the product of accounting profit multiplied by the PRC's domestic tax rate for the tax years ended 31 December 2025 and 2024 is as follows:

	2025 RMB'000	2024 RMB'000
Profit before tax	<b>6,665,775</b>	7,163,778
Tax at the statutory tax rate of 25% (2024: 25%)	<b>1,666,444</b>	1,790,944
Lower tax rates for specific jurisdictions or enacted by local authorities	<b>(1,063,268)</b>	(1,003,355)
Pillar Two income taxes	<b>201,435</b>	184,683
Additional deductible allowance for qualified research and development costs	<b>(64,217)</b>	(63,533)
Adjustments in respect of current tax of previous periods	<b>3,683</b>	2,721
Income not subject to tax	<b>(20,679)</b>	(42,544)
Expenses not deductible for tax	<b>12,580</b>	14,115
Overseas withholding tax	<b>8,175</b>	9,534
Tax losses not recognised during the year	<b>115,908</b>	74,797
Utilisation of previously unrecognised tax losses	<b>(19,548)</b>	(44,165)
Tax charge at the effective rate	<b>840,513</b>	923,197

#### Pillar Two income taxes

The Group is within the scope of the Pillar Two model rules. The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the additional Pillar Two income taxes as current tax when incurred.

The Group has performed an assessment of its exposure to Pillar Two income taxes based on the information available regarding the Group's financial performance in the current year. Based on the assessment, the Group has identified potential exposure from the subsidiaries in respect of profits earned in Vietnam where the Pillar Two effective tax rate is below 15% due to certain income exclusions and incentives received by them. The proportion of the Group's profit before tax for the year ended 31 December 2025 that would have been subject to Pillar Two income taxes was approximately 39%. The average effective tax rate applicable to those profits was 5.02%. The Group continues to follow Pillar Two legislative developments, as more countries prepare to enact the Pillar Two model rules, to evaluate the potential future impact on its financial statements.

## Notes to Financial Statements

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### 13. DIVIDENDS

	2025 RMB'000	2024 RMB'000
Interim – HK\$1.38 (2024: HK\$1.25) per ordinary share	1,891,896	1,714,989
Proposed final – HK\$1.20 (2024: HK\$1.28) per ordinary share	1,629,253	1,781,739

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,503,222,397 (2024: 1,503,222,397) outstanding during the year.

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

The calculation of basic and diluted earnings per share is based on:

#### Earnings

	2025 RMB'000	2024 RMB'000
Profit attributable to ordinary equity holders of the parent used in the basic and diluted earnings per share calculation	5,825,262	6,240,581

#### Shares

	Number of shares	
	2025	2024
Weighted average number of ordinary shares used in the basic and diluted earnings per share calculation	1,503,222,397	1,503,222,397

#### Earnings per share

	2025 RMB	2024 RMB
Basic and diluted	3.88	4.15

# Notes to Financial Statements

31 December 2025

## 15. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Vehicles RMB'000	Furniture and fixtures RMB'000	Construction in progress RMB'000	Total RMB'000
Net book value:						
At 1 January 2025,	5,214,396	4,459,432	274,350	162,976	651,892	10,763,046
Cost						
At 1 January 2025,	8,233,947	10,468,318	572,087	571,069	651,892	20,497,313
Additions	65,130	455,914	29,656	40,563	1,972,543	2,563,806
Disposals	(46,044)	(188,611)	(13,109)	(13,930)	-	(261,694)
Transfers	775,144	621,428	3,099	39,428	(1,439,099)	-
Exchange realignment	(184,928)	(240,228)	(12,994)	(7,636)	(7,737)	(453,523)
At 31 December 2025,	8,843,249	11,116,821	578,739	629,494	1,177,599	22,345,902
Accumulated depreciation:						
At 1 January 2025:	3,019,551	6,008,886	297,737	408,093	-	9,734,267
Depreciation provided during the year	451,436	812,167	42,775	54,108	-	1,360,486
Disposals	(44,800)	(146,920)	(11,735)	(12,958)	-	(216,413)
Exchange realignment	(52,001)	(134,806)	(6,812)	(5,087)	-	(198,706)
At 31 December 2025,	3,374,186	6,539,327	321,965	444,156	-	10,679,634
Net book value:						
At 31 December 2025:	5,469,063	4,577,494	256,774	185,338	1,177,599	11,666,268
Net book value:						
At 1 January 2024,	5,427,195	4,652,111	303,209	190,390	357,879	10,930,784
Cost						
At 1 January 2024,	8,202,454	10,157,975	573,889	576,451	357,879	19,868,648
Additions	137,368	609,727	16,707	23,727	711,522	1,499,051
Disposals	(216,533)	(453,020)	(23,805)	(37,259)	-	(730,617)
Transfers	166,255	242,702	310	8,281	(417,548)	-
Exchange realignment	(55,597)	(89,066)	4,986	(131)	39	(139,769)
At 31 December 2024,	8,233,947	10,468,318	572,087	571,069	651,892	20,497,313
Accumulated depreciation:						
At 1 January 2024:	2,775,259	5,505,864	270,680	386,061	-	8,937,864
Depreciation provided during the year	424,492	873,894	47,467	55,480	-	1,401,333
Disposals	(162,523)	(324,694)	(20,992)	(32,910)	-	(541,119)
Exchange realignment	(17,677)	(46,178)	582	(538)	-	(63,811)
At 31 December 2024,	3,019,551	6,008,886	297,737	408,093	-	9,734,267
Net book value:						
At 31 December 2024:	5,214,396	4,459,432	274,350	162,976	651,892	10,763,046

## Notes to Financial Statements

31 December 2025

### 15. PROPERTY, PLANT AND EQUIPMENT *(continued)*

As at 31 December 2025, there were no mortgages over buildings, plant and machinery of the Group (31 December 2024: nil).

As at the date of this report, the Group was in the process of applying for the title certificates of certain of its buildings with an aggregate net carrying amount of approximately RMB2,012,540,643 as at 31 December 2025 (2024: RMB2,189,924,949). The directors of the Company are of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned buildings. The directors of the Company are also of the opinion that the aforesaid matters will not have any significant impact on the Group's financial position as at 31 December 2025.

### 16. LEASES

#### The Group as a lessee

The Group has lease contracts for various items of land, buildings and other leasehold properties used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 30 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 3 and 20 years. Other leasehold properties generally have lease terms of 12 months or less and/or are individually of low value. There are several lease contracts that include variable lease payments.

#### (a) Right-of-use assets

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

	<b>Leasehold land</b>	<b>Buildings</b>	<b>Total</b>
	RMB'000	RMB'000	RMB'000
At 1 January 2025	<b>1,840,702</b>	<b>98,114</b>	<b>1,938,816</b>
Additions	<b>415,068</b>	<b>6,909</b>	<b>421,977</b>
Depreciation charge	<b>(56,455)</b>	<b>(48,506)</b>	<b>(104,961)</b>
Exchange realignment	<b>(36,224)</b>	<b>(1,249)</b>	<b>(37,473)</b>
At 31 December 2025	<b>2,163,091</b>	<b>55,268</b>	<b>2,218,359</b>
At 1 January 2024	1,815,602	145,207	1,960,809
Additions	260,285	3,329	263,614
Disposals	(183,428)	–	(183,428)
Depreciation charge	(46,607)	(51,406)	(98,013)
Exchange realignment	(5,150)	984	(4,166)
At 31 December 2024	1,840,702	98,114	1,938,816

## Notes to Financial Statements

31 December 2025

### 16. LEASES (continued)

#### The Group as a lessee (continued)

##### (a) Right-of-use assets (continued)

As at the date of this report, the Group was in the process of applying for the title lease certificates of certain of its leasehold land with an aggregate net carrying amount of approximately RMB21,754,001 as at 31 December 2025 (2024: RMB84,758,319). The directors of the Company are of the view that the Group is entitled to lawfully and validly use the above-mentioned leasehold land. The directors of the Company are also of the opinion that the aforesaid matters will not have any significant impact on the Group's financial position as at 31 December 2025.

##### (b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	114,053	158,102
New leases	6,909	3,329
Accretion of interest recognised during the year	3,768	5,539
Payments	(53,001)	(54,226)
Exchange realignment	(1,755)	1,309
Carrying amount at 31 December	69,974	114,053
Analysed into:		
Current portion	13,836	47,371
Non-current portion	56,138	66,682

The maturity analysis of lease liabilities is disclosed in note 38 to the financial statements.

## Notes to Financial Statements

31 December 2025

### 16. LEASES *(continued)*

#### The Group as a lessee *(continued)*

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

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	3,768	5,539
Depreciation charge of right-of-use assets	104,961	98,013
Expense relating to leases of low-value assets	2,804	5,620
Gain on disposal of items of right-of-use assets	–	(372,553)
<b>Total amount recognised in profit or loss</b>	<b>111,533</b>	<b>(263,381)</b>

(d) The total cash outflow for leases are disclosed in note 31(b) to the financial statements.

#### The Group as a lessor

The Group leases its property, plant and equipment consisting of two industrial properties in the Chinese mainland under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB8,539,000 (2024: RMB7,746,000), details of which are included in note 6 to the financial statements.

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

	2025 RMB'000	2024 RMB'000
Within one year	1,514	6,970
After one year but within two years	–	1,514
<b>Total</b>	<b>1,514</b>	<b>8,484</b>

## Notes to Financial Statements

31 December 2025

### 17. INTANGIBLE ASSETS

	Software RMB'000	Water use right RMB'000	Total RMB'000
Net carrying amount:			
At 31 December 2024	109,806	22,034	131,840
Cost:			
At 1 January 2025	187,645	129,000	316,645
Additions	17,911	-	17,911
Disposals	(15,997)	-	(15,997)
Exchange realignment	(20)	-	(20)
At 31 December 2025	189,539	129,000	318,539
Accumulated amortisation:			
At 1 January 2025	77,839	106,966	184,805
Amortisation provided during the year	17,544	6,450	23,994
Disposals	(15,997)	-	(15,997)
Exchange realignment	(19)	-	(19)
At 31 December 2025	79,367	113,416	192,783
Net carrying amount:			
At 31 December 2025	110,172	15,584	125,756

## Notes to Financial Statements

31 December 2025

### 17. INTANGIBLE ASSETS *(continued)*

	Software RMB'000	Water use right RMB'000	Total RMB'000
Net carrying amount:			
At 31 December 2023	100,044	28,484	128,528
Cost:			
At 1 January 2024	163,315	129,000	292,315
Additions	25,966	–	25,966
Disposals	(1,629)	–	(1,629)
Exchange realignment	(7)	–	(7)
At 31 December 2024	187,645	129,000	316,645
Accumulated amortisation:			
At 1 January 2024	63,271	100,516	163,787
Amortisation provided during the year	16,204	6,450	22,654
Disposals	(1,629)	–	(1,629)
Exchange realignment	(7)	–	(7)
At 31 December 2024	77,839	106,966	184,805
Net carrying amount:			
At 31 December 2024	109,806	22,034	131,840

## Notes to Financial Statements

31 December 2025

### 18. INVESTMENTS IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Share of net assets	<b>21,697</b>	15,154

Ningbo Avery Dennison Shenzhou Knitting and Printing Co., Ltd. (“Ningbo Avery”) and Avery Dennison Worldon Vietnam JV Co., Ltd. (“Worldon Avery”) are associates of the Group and are considered to be related parties of the Group. The Group’s shareholding in Ningbo Avery represents the 30% equity shares held through a subsidiary of the Company, Shenzhou Knitting. The Group’s shareholding in Worldon Avery represents the 30% equity shares held through a subsidiary of the Company, Worldon Vietnam.

The following table illustrates the aggregate financial information of the Group’s associates that are not individually material:

	2025 RMB'000	2024 RMB'000
At 1 January	<b>15,154</b>	13,470
Addition	<b>7,380</b>	–
Share of the associates’ profit for the year	<b>4,506</b>	5,302
Dividends declared by the associates attributable to the Group for the year	<b>(5,343)</b>	(3,618)
Aggregate carrying amount of the Group’s investments in the associates	<b>21,697</b>	15,154

### 19. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	<b>1,430,541</b>	1,453,959
Work in progress	<b>3,673,162</b>	3,456,660
Finished goods	<b>1,970,306</b>	2,271,449
Provision	<b>7,074,009</b> <b>(364,154)</b>	7,182,068 (297,114)
Total	<b>6,709,855</b>	6,884,954

## Notes to Financial Statements

31 December 2025

### 20. TRADE AND BILLS RECEIVABLES

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Trade and bills receivables	<b>6,943,819</b>	6,151,331

The Group's trading terms with its customers are mainly on credit with credit terms of within six months. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

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

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Within three months	<b>6,772,272</b>	5,943,074
Three to six months	<b>119,182</b>	166,085
Over six months	<b>52,365</b>	42,172
Total	<b>6,943,819</b>	6,151,331

The ageing analysis of the trade and bills receivables that are not individually nor collectively considered to be impaired is as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Neither past due nor impaired	<b>6,712,704</b>	5,920,033
Less than three months past due	<b>172,062</b>	203,502
Over three months past due	<b>59,053</b>	27,796
Total	<b>6,943,819</b>	6,151,331

## Notes to Financial Statements

31 December 2025

### 20. TRADE AND BILLS RECEIVABLES *(continued)*

Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience and forward-looking information, the directors of the Company were of the opinion that no provision for expected credit losses was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable.

At 31 December, the trade and bills receivables were denominated in the following currencies:

	2025		2024	
	Original currency in thousand	RMB equivalent RMB'000	Original currency in thousand	RMB equivalent RMB'000
US\$	746,288	5,245,511	607,796	4,369,084
RMB		1,698,308		1,782,247
Total		6,943,819		6,151,331

The carrying amounts of the trade and bills receivables approximate to their fair values.

## Notes to Financial Statements

31 December 2025

### 21. PREPAYMENTS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
<b>Current</b>		
Prepayments and deposits		
– Purchase of raw materials	109,029	121,332
– Others	67,674	71,264
VAT receivable and recoverable	199,855	170,840
Other receivables	81,671	121,127
<b>Total</b>	<b>458,229</b>	484,563

	2025 RMB'000	2024 RMB'000
<b>Non-current</b>		
Long-term prepayments		
– Land use rights	274,937	273,663
– Purchase of items of property, plant and equipment	137,164	135,015
<b>Total</b>	<b>412,101</b>	408,678

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

The carrying amounts of the financial assets included in prepayments and other receivables approximate to their fair values.

### 22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Financial products issued by financial institutions*	1,702,816	1,303,978

\* The above financial products were wealth management products issued by banks in the Chinese mainland. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows were not solely payments of principal and interest. The applicable size test results in respect of the purchases of these financial products are all below 5% and thus these purchases are not subject to the notifiable transaction requirements under Chapter 14 of the Listing Rules.

## Notes to Financial Statements

31 December 2025

### 23. CASH AND BANK BALANCES AND TIME DEPOSITS

	2025 RMB'000	2024 RMB'000
Cash and bank balances	3,546,375	3,468,872
Time deposits	22,999,578	21,442,810
	26,545,953	24,911,682
Less:		
Deposits pledged for construction payment guarantee	–	(5,440)
Bank deposits – current	(10,934,131)	(12,871,494)
Bank deposits – non-current	(200,968)	(1,165,918)
Cash and cash equivalents	15,410,854	10,868,830

At the end of the reporting period, the cash and bank balances and time deposits of the Group denominated in RMB amounted to approximately RMB3,781,108,000 (31 December 2024: RMB7,707,043,000). The RMB is not freely convertible into other currencies. However, under the Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between 3 months and 36 months depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

Cash and cash equivalents include bank deposits with original maturity of more than three months held by the Group. As at 31 December 2025, bank deposits held by the Group with original maturity of more than three months, which can be withdrawn on demand without prior notice to banks, were RMB1,130,072,000 (31 December 2024: RMB598,177,000).

The applicable size test results in respect of the purchases of these time deposits are all below 5% and thus these purchases are not subject to the notifiable transaction requirements under Chapter 14 of the Listing Rules.

## Notes to Financial Statements

31 December 2025

### 24. TRADE PAYABLES

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

	2025 RMB'000	2024 RMB'000
Within six months	1,367,943	1,468,589
Six months to one year	3,424	2,246
One year to two years	718	11,437
Over two years	10,459	10,749
<b>Total</b>	<b>1,382,544</b>	1,493,021

The trade payables are non-interest-bearing. The carrying amounts of the trade payables approximate to their fair values.

### 25. CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Contract liabilities	5,251	18,900

Contract liabilities represent short-term advances received for knitwear products.

### 26. OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Accrued expenses	1,346,936	1,191,328
Payables for purchase of property, plant and equipment	505,133	246,842
Payables and guarantee deposits related to construction projects	19,030	16,095
Other taxes payable	151,130	138,823
Others	77,965	101,965
<b>Total</b>	<b>2,100,194</b>	1,695,053

The carrying amounts of other payables and accruals approximate to their fair values. Other payables are non-interest-bearing.

## Notes to Financial Statements

31 December 2025

### 27. INTEREST-BEARING BANK BORROWINGS

	2025			2024		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Current</b>						
Bank loans – unsecured (due for repayment on demand)*	HIBOR+ 0.25-0.4	2026	4,851,990	HIBOR+ 0.25-0.5	2025	4,001,987
Bank loans – unsecured	HIBOR+ 0.25-0.48/ 0.51-1.26/ 2.08-4.46	2026	9,749,507	HIBOR+0.5/ 0.62-1.30/ HIBOR+0.48/ 2.1-3.8	2025	8,816,577
Total – current			14,601,497			12,818,564
<b>Non-current</b>						
Bank loans – unsecured	2.50	2028	198,000			–
Total – non-current			198,000			–
Total			14,799,497			12,818,564

\* These bank borrowings were included in current liabilities as the banks had an overriding right to call for cash repayment on demand at any time.

	2025 RMB'000	2024 RMB'000
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	14,601,497	12,818,564
In the second year	2,000	–
In the third year	196,000	–
Total	14,799,497	12,818,564

As at 31 December 2025, bank borrowing balances of approximately RMB2,444,348,000 (31 December 2024: RMB1,685,327,000) were denominated in United States dollars, of which approximately RMB6,568,070,000 (31 December 2024: RMB5,113,187,000) were denominated in Hong Kong dollars, approximately RMB107,062,000 (31 December 2024: Nil) were denominated in EUR and approximately RMB5,680,017,000 (31 December 2024: RMB6,020,050,000) were denominated in RMB.

## Notes to Financial Statements

31 December 2025

### 28. DEFERRED TAX

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

#### (a) Deferred tax assets 2025

	Impairment of assets RMB'000	Losses available for offsetting against future taxable profits RMB'000	Employee benefit obligations RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2025	48,468	13,796	50,000	17,461	129,725
Deferred tax credited/(charged) to the statement of profit or loss during the year	11,980	9,878	-	(17,461)	4,397
Gross deferred tax assets at 31 December 2025	60,448	23,674	50,000	-	134,122

#### 2024

	Impairment of assets RMB'000	Losses available for offsetting against future taxable profits RMB'000	Employee benefit obligations RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2024	40,974	23,200	50,000	-	114,174
Deferred tax credited/(charged) to the statement of profit or loss during the year	7,494	(9,404)	-	17,461	15,551
Gross deferred tax assets at 31 December 2024	48,468	13,796	50,000	17,461	129,725

As at 31 December 2025, the Group had accumulated tax losses of approximately RMB565,137,000 (31 December 2024: RMB712,498,000) arising in the Chinese mainland and the Kingdom of Cambodia, which will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these tax losses as it is not considered probable that taxable profits will be available against which these tax losses can be utilised.

## Notes to Financial Statements

31 December 2025

### 28. DEFERRED TAX *(continued)*

The movements in deferred tax assets and liabilities during the year are as follows: *(continued)*

#### (b) Deferred tax liabilities 2025

	Depreciation allowance in excess of related depreciation RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2025	362,108	17,114	379,222
Deferred tax credited to the statement of profit or loss during the year	(8,712)	(17,114)	(25,826)
Gross deferred tax liabilities at 31 December 2025	353,396	–	353,396

2024

	Depreciation allowance in excess of related depreciation RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2024	348,580	–	348,580
Deferred tax charged to the statement of profit or loss during the year	13,528	17,114	30,642
Gross deferred tax liabilities at 31 December 2024	362,108	17,114	379,222

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese mainland in respect of earnings generated from 1 January 2008. The applicable rate is 5% for the Group.

At 31 December 2025, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Chinese mainland. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in the Chinese Mainland for which deferred tax liabilities have not been recognised totalled approximately RMB21,628,312,000 at 31 December 2025 (31 December 2024: RMB22,233,266,000).

## Notes to Financial Statements

31 December 2025

### 28. DEFERRED TAX *(continued)*

The net balances of deferred tax assets and liabilities after offsetting are as follows:

	2025		2024	
	Offsetting amount RMB'000	Amount after offsetting RMB'000	Offsetting amount RMB'000	Amount after offsetting RMB'000
Deferred tax assets	–	134,122	(17,114)	112,611
Deferred tax liabilities	–	353,396	17,114	362,108

### 29. SHARE CAPITAL

	2025		2024	
	HK\$'000	RMB'000	HK\$'000	RMB'000
Issued and fully paid: 1,503,222,397 (2024: 1,503,222,397) ordinary shares of HK\$0.10 each	150,322	151,200	150,322	151,200

### 30. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

#### (i) Statutory surplus reserve (“SSR”)

In accordance with the Company Law of the PRC and the articles of association of the Chinese mainland subsidiaries, each of the Chinese mainland subsidiary is required to allocate 10% of its profit after tax, as determined in accordance with the PRC generally accepted accounting principles, to the SSR until the reserve reaches 50% of its registered capital. Part of the SSR may be converted to increase paid-up capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

#### (ii) Exchange fluctuation reserve

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of the foreign subsidiaries.

#### (iii) Other reserve

Other reserve represents the excess of the consideration received for partial disposal of a subsidiary without loss of control, over the carrying amount of the non-controlling interests as at the transaction date.

# Notes to Financial Statements

31 December 2025

## 31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB6,909,000 (2024: RMB3,329,000) and RMB6,909,000 (2024: RMB3,329,000), respectively, in respect of lease arrangements for plant and equipment.

### (b) Changes in liabilities arising from financing activities 2025

	Lease liabilities RMB'000	Bank loans RMB'000
At 1 January 2025	114,053	12,818,564
Changes from financing cash flows	(49,233)	2,167,071
New leases	6,909	–
Foreign exchange movement	(1,755)	(186,138)
Interest expense	3,768	331,580
Interest paid classified as operating cash flows	(3,768)	(331,580)
At 31 December 2025	69,974	14,799,497

2024

	Lease liabilities RMB'000	Bank loans RMB'000
At 1 January 2024	158,102	12,103,968
Changes from financing cash flows	(48,687)	583,918
New leases	3,329	–
Foreign exchange movement	1,309	130,678
Interest expense	5,539	369,809
Interest paid classified as operating cash flows	(5,539)	(369,809)
At 31 December 2024	114,053	12,818,564

## Notes to Financial Statements

31 December 2025

### 31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

#### (c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025 RMB'000	2024 RMB'000
Within operating activities	(6,572)	(11,159)
Within investing activities	(278,569)	(328,401)
Within financing activities	(49,233)	(48,687)
Total	(334,374)	(388,247)

### 32. CONTINGENT LIABILITIES

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

### 33. PLEDGE OF ASSETS

Details of the Group's assets pledged for construction payment guarantee are included in note 23 to the financial statements.

### 34. COMMITMENTS

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

	2025 RMB'000	2024 RMB'000
Contracted, but not provided for:		
Acquisition of property, plant and equipment	623,065	666,268
Acquisition of land use rights	135,450	103,816
Acquisition of building use right	116,394	–
Total	874,909	770,084

# Notes to Financial Statements

31 December 2025

## 35. RELATED PARTY TRANSACTIONS

### (a) Compensation of key management personnel of the Group

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	55,698	55,213
Pension scheme contributions	275	298
Total	55,973	55,511

Further details of the directors' and chief executive's emoluments are included in note 9 to the financial statements.

### (b) Transactions with related parties

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	2025 RMB'000	2024 RMB'000
Lease of apparel production properties from Ningbo Shenzhou Properties Co., Ltd. ("Shenzhou Properties") *		
Lease payment	38,798	38,798
Purchase of materials from Worldon Avery **	15,564	–
Printing service provided by Ningbo Avery **	135,008	142,470
Sales and marketing services provided to Ningbo Avery **	7,153	7,800

# Notes to Financial Statements

31 December 2025

## 35. RELATED PARTY TRANSACTIONS *(continued)*

### (b) Continuing transactions with related parties *(continued)*

- \* Shenzhou Properties is controlled by one of the Company's executive directors. Transactions with Shenzhou Properties are continuing connected transactions.

On 29 December 2022, Shenzhou Knitting, a wholly-owned subsidiary of the Company, entered into a lease agreement with Shenzhou Properties, pursuant to which Shenzhou Properties agreed to lease the properties to Shenzhou Knitting. The Lease Agreement is for a term of three years commencing on 1 January 2023 and expiring on 31 December 2025. The monthly rent under the Lease Agreement is RMB3,233,169.

- \*\* Ningbo Avery and Worldon Avery are associates of the Group and are considered to be related parties of the Group. These transactions do not constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

The transactions with the related parties were mutually agreed by the counterparties.

### (c) Outstanding balances with related parties

The Group had the following balances with its related parties:

	2025 RMB'000	2024 RMB'000
Amounts due from related parties – trade-related:		
Ningbo Avery	3,909	1,028
Shenzhou Properties	111	167
<b>Total</b>	<b>4,020</b>	<b>1,195</b>
Amount due to related parties – trade-related:		
Ningbo Avery	57,893	–
Worldon Avery	4,641	–
<b>Total</b>	<b>62,534</b>	<b>–</b>

The balances with the related parties are unsecured, interest-free and have no fixed terms of repayment.

## Notes to Financial Statements

31 December 2025

### 36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

#### Financial assets

2025

	Financial assets at fair value through profit or loss RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade and bills receivables	–	6,943,819	6,943,819
Financial assets included in prepayments and other receivables	–	81,671	81,671
Amounts due from related parties	–	4,020	4,020
Financial assets at fair value through profit or loss	1,702,816	–	1,702,816
Bank deposits – current	–	10,934,131	10,934,131
Bank deposits – non-current	–	200,968	200,968
Cash and cash equivalents	–	15,410,854	15,410,854
<b>Total</b>	<b>1,702,816</b>	<b>33,575,463</b>	<b>35,278,279</b>

## Notes to Financial Statements

31 December 2025

### 36. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

#### Financial assets *(continued)*

2024

	Financial assets at fair value through profit or loss RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade and bills receivables	–	6,151,331	6,151,331
Financial assets included in prepayments and other receivables	–	121,127	121,127
Amounts due from related parties	–	1,195	1,195
Financial assets at fair value through profit or loss	1,303,978	–	1,303,978
Pledged deposits	–	5,440	5,440
Bank deposits – current	–	12,871,494	12,871,494
Bank deposits – non-current	–	1,165,918	1,165,918
Cash and cash equivalents	–	10,868,830	10,868,830
<b>Total</b>	<b>1,303,978</b>	<b>31,185,335</b>	<b>32,489,313</b>

#### Financial liabilities

	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
Financial liabilities at amortised cost		
Trade payables	<b>1,382,544</b>	1,493,021
Financial liabilities included in other payables and accruals	<b>602,128</b>	364,902
Amount due to related parties	<b>62,534</b>	–
Interest-bearing bank borrowings	<b>14,799,497</b>	12,818,564
Lease liabilities	<b>69,974</b>	114,053
<b>Total</b>	<b>16,916,677</b>	14,790,540

## Notes to Financial Statements

31 December 2025

### 37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, the current portion of bank deposits with an initial term of over three months and pledged deposits, financial assets at fair value through profit or loss, trade and bills receivables, trade payables, financial assets included in prepayments and other receivables, financial liabilities included in other payables and accruals and amounts due from related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

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 long-term time deposits at banks and interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities.

The Group invests in unlisted investments, which represent wealth management products issued by banks in the Chinese mainland. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with A+ and A credit ratings. Derivative financial instruments, including forward currency contracts and foreign currency swaps, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates. The carrying amounts of forward currency contracts and foreign currency swaps are the same as their fair values.

#### Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

#### *Assets measured at fair value:*

**As at 31 December 2025**

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	–	1,702,816	–	1,702,816
Total	–	1,702,816	–	1,702,816

## Notes to Financial Statements

31 December 2025

### 37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

*(continued)*

**Fair value hierarchy** *(continued)*

**Assets measured at fair value:** *(continued)*

As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	–	1,303,978	–	1,303,978
Total	–	1,303,978	–	1,303,978

The Group did not have any financial liabilities measured at fair value as at 31 December 2025.

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

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans and cash and bank deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

## Notes to Financial Statements

31 December 2025

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

#### Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings with floating interest rates.

At 31 December 2025, approximately 51% (2024: 60%) of the Group's interest-bearing borrowings bore interest at fixed rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's profit before tax through the impact on floating rate borrowings.

	<b>Increase/ (decrease) in basis points</b>	<b>Increase/ (decrease) in profit before tax RMB'000</b>
<b>2025</b>		
If interest rate increases	50	(32,840)
If interest rate decreases	(50)	32,840
<b>2024</b>		
If interest rate increases	50	(25,566)
If interest rate decreases	(50)	25,566

#### Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales by operating units in currencies other than the units' functional currencies. Approximately 76% (2024: 72%) of the Group's sales were denominated in foreign currencies other than the functional currencies of the operating units making the sales.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the US\$ exchange rate, with all other variables held constant, of the Group's profit before tax and equity (due to changes in the fair value of monetary assets and liabilities).

	<b>Increase/ (decrease) in foreign currency rate %</b>	<b>Increase/ (decrease) in profit before tax RMB'000</b>	<b>Increase/ (decrease) in equity* RMB'000</b>
<b>2025</b>			
If RMB strengthens against US\$	5	(962,805)	(267,267)
If RMB weakens against US\$	(5)	962,805	267,267
<b>2024</b>			
If RMB strengthens against US\$	5	(644,015)	(285,393)
If RMB weakens against US\$	(5)	644,015	285,393

\* Excluding retained profits

# Notes to Financial Statements

31 December 2025

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

### Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, bank deposits with an initial term of over three months, financial assets at fair value through profit or loss, other financial assets, financial assets included in prepayments and other receivables, amounts due from related parties, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by analysis by customer/counterparty. At the end of the reporting period, the Group had certain concentrations of credit risk as 42% (2024: 36%) and 93% (2024: 91%) of the Group's trade and bills receivables were due from the Group's largest customer and the five largest customers, respectively. As the major customers of the Group are all world-famous brand companies, which have established long-term business relationships with the Group, concentrations of credit risk are well managed by the Group.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables are disclosed in note 20 to the financial statements.

## Notes to Financial Statements

31 December 2025

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

#### Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade and bills receivables) and projected cash flows from operations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

#### 2025

	On demand RMB'000	Less than 6 months RMB'000	Less than 12 months RMB'000	1 to 2 years RMB'000	Over 2 years RMB'000	Total RMB'000
Trade payables	14,601	1,367,943	–	–	–	1,382,544
Other payables and accruals	602,128	–	–	–	–	602,128
Lease liabilities	–	7,334	7,792	14,065	48,147	77,338
Interest-bearing bank borrowings	4,860,431	9,485,883	312,644	2,074	209,363	14,870,395
<b>Total</b>	<b>5,477,160</b>	<b>10,861,160</b>	<b>320,436</b>	<b>16,139</b>	<b>257,510</b>	<b>16,932,405</b>

#### 2024

	On demand RMB'000	Less than 6 months RMB'000	Less than 12 months RMB'000	1 to 2 years RMB'000	Over 2 years RMB'000	Total RMB'000
Trade payables	24,432	1,468,589	–	–	–	1,493,021
Other payables and accruals	364,902	–	–	–	–	364,902
Lease liabilities	–	25,686	24,348	11,700	62,371	124,105
Interest-bearing bank borrowings	4,009,527	6,468,770	2,419,439	–	–	12,897,736
<b>Total</b>	<b>4,398,861</b>	<b>7,963,045</b>	<b>2,443,787</b>	<b>11,700</b>	<b>62,371</b>	<b>14,879,764</b>

# Notes to Financial Statements

31 December 2025

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

### Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 31 December 2024.

The Group monitors capital using a gearing ratio, which is net debt divided by the capital plus net debt. Net debt includes interest-bearing bank borrowings, lease liabilities, trade payables, other payables and accruals amounts due to related parties and derivative instruments, less cash and cash equivalents. Capital includes equity attributable to owners of the parent. The gearing ratios as at the end of the reporting periods were as follows:

	2025 RMB'000	2024 RMB'000
Interest-bearing bank borrowings	14,799,497	12,818,564
Lease liabilities	69,974	114,053
Trade payables	1,382,544	1,493,021
Other payables and accruals	602,128	364,902
Amounts due to related parties	62,534	–
Less: Cash and cash equivalents	(15,410,854)	(10,868,830)
Net debt	1,505,823	3,921,710
Capital	37,491,918	35,852,895
Capital and net debt	38,997,741	39,774,605
Gearing ratio	3.9%	9.9%

## 39. EVENTS AFTER THE REPORTING PERIOD

There were no material subsequent events undertaken by the Company or by the Group after 31 December 2025.

## Notes to Financial Statements

31 December 2025

### 40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	5,486	6,628
Right-of-use assets	1,667	2,083
Investments in subsidiaries	883,681	883,681
Loans to subsidiaries	2,670,944	2,947,244
Total non-current assets	<b>3,561,778</b>	3,839,636
<b>CURRENT ASSETS</b>		
Trade receivables	77,284	58,075
Prepayments and other receivables	16,029	20,062
Loans to subsidiaries	3,088,564	1,826,808
Amounts due from subsidiaries	8,969,692	8,522,984
Cash and cash equivalents	803,130	3,314,495
Total current assets	<b>12,954,699</b>	13,742,424
<b>CURRENT LIABILITIES</b>		
Other payables and accruals	10,639	1,585
Interest-bearing bank borrowings	6,387,430	4,927,987
Amounts due to subsidiaries	964,914	3,964,312
Lease liabilities	1,496	1,993
Total current liabilities	<b>7,364,479</b>	8,895,877
<b>NET CURRENT ASSETS</b>	<b>5,590,220</b>	4,846,547
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>9,151,998</b>	8,686,183
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	-	313
Total non-current liabilities	-	313
<b>NET ASSETS</b>	<b>9,151,998</b>	8,685,870
<b>EQUITY</b>		
Share capital	151,200	151,200
Reserves	9,000,798	8,534,670
Total equity	<b>9,151,998</b>	8,685,870

## Notes to Financial Statements

31 December 2025

### 40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Capital surplus RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2024	297,183	727,430	78,773	7,051,087	8,154,473
Total comprehensive income for the year	–	–	141,817	3,424,567	3,566,384
Final 2023 dividend declared	–	–	–	(1,471,198)	(1,471,198)
Interim 2024 dividend	–	–	–	(1,714,989)	(1,714,989)
At 31 December 2024	297,183	727,430	220,590	7,289,467	8,534,670
Total comprehensive income for the year	–	–	(183,480)	4,323,243	4,139,763
Final 2024 dividend declared	–	–	–	(1,781,739)	(1,781,739)
Interim 2025 dividend	–	–	–	(1,891,896)	(1,891,896)
At 31 December 2025	297,183	727,430	37,110	7,939,075	9,000,798

### 41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 March 2026.

## Financial Information Summary

(Amounts expressed in RMB'000 unless otherwise stated)

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years, prepared on the basis as set out herein, is set out below:

	For the year ended 31 December/As at 31 December				
	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Results</b>					
Revenue	<b>30,993,732</b>	28,662,938	24,969,792	27,781,412	23,845,006
Finance costs	<b>335,348</b>	(375,348)	(345,805)	(228,359)	(144,036)
Profit before tax	<b>6,665,775</b>	7,163,778	4,995,501	5,262,073	3,823,316
Income tax expense	<b>(840,513)</b>	(923,197)	(438,238)	(698,908)	(451,637)
Profit for the year	<b>5,825,262</b>	6,240,581	4,557,263	4,563,165	3,371,679
Attributable to:					
Owners of the parent	<b>5,825,262</b>	6,240,581	4,557,263	4,562,783	3,371,702
Non-controlling interests	<b>-</b>	-	-	382	(23)
	<b>5,825,262</b>	6,240,581	4,557,263	4,563,165	3,371,679
<b>Assets, Liabilities and Non-controlling Interests</b>					
Total assets	<b>56,942,995</b>	53,107,848	48,611,137	43,492,865	42,131,906
Total liabilities	<b>19,451,077</b>	17,254,953	15,743,821	12,727,081	14,348,843
Non-controlling interests	<b>-</b>	-	-	(12,866)	(12,484)
	<b>37,491,918</b>	35,852,895	32,867,316	30,752,918	27,770,579

Note: The consolidated results of the Group for each of the two years ended 31 December 2024 and 2025 and the consolidated assets, liabilities and non-controlling interests of the Group as at 31 December 2024 and 2025 are those set out on pages 46 to 119 of the financial statements.

**SHENZHOU INTERNATIONAL  
GROUP HOLDINGS LIMITED**

