



中國安儲能源集團有限公司

China Anchu Energy Storage Group Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 2399



2025
Annual Report

**CHINA
ANCHU
ENERGY**



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Corporate Information

Board of Directors and Committees

Executive Directors

Mr. Kwok Kin Sun (*Chairman*)
Mr. Kwok Hon Fung
Mr. Lu Ke
Mr. Duan Huiyuan
Ms. Ma Xiaoling

Non-executive Director

Mr. Wang Yan

Independent Non-executive Directors

Mr. Cheung Chiu Tung
Mr. Poon Yick Pang Philip
Mr. Ma Yu-heng

Audit Committee

Mr. Poon Yick Pang Philip (*Chairman*)
Mr. Cheung Chiu Tung
Mr. Ma Yu-heng

Remuneration Committee

Mr. Cheung Chiu Tung (*Chairman*)
Mr. Poon Yick Pang Philip
Mr. Duan Huiyuan

Nomination Committee

Mr. Kwok Kin Sun (*Chairman*)
Mr. Poon Yick Pang Philip
Mr. Cheung Chiu Tung
Ms. Ma Xiaoling (appointed on 3 June 2025)
Mr. Ma Yu-heng (appointed on 3 June 2025)

Company Secretary

Mr. Ong Kam Chit Vincent

Authorized Representatives

Mr. Kwok Hon Fung
Mr. Ong Kam Chit Vincent

Auditor

Suya WWC CPA Limited

Legal Adviser as to Hong Kong Law

Raymond Siu & Lawyers

Registered Office

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

Headquarters and Principal Place of Business in the People's Republic of China

Fordoo Industrial Zone E12
Xunmei Industrial Zone, Fengze District
Quanzhou City, Fujian Province, China

Principal Place of Business in Hong Kong

Unit 1703, 17/F,
Lyndhurst Tower,
1 Lyndhurst Terrace,
Central, Hong Kong

Principal Share Registrar and Transfer Office

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

Branch Share Registrar and Transfer Office

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F, 148 Electric Road,
North Point, Hong Kong

Principal Bankers

China CITIC Bank Corporation Limited
China Construction Bank Corporation

IR Contact

Investor relations department,
China Anchu Energy Storage Group Limited
Unit 1703, 17/F,
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1 Lyndhurst Terrace,
Central, Hong Kong
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Company Website

www.chinaanchu2399.com

Financial Highlights

OPERATING RESULTS

	For the year ended 31 December		
	2025	2024	Change
	RMB million	RMB million	%
Revenue	88.5	467.0	-81.0%
Gross profit	20.1	105.7	-81.0%
Net loss	(326.8)	(361.1)	+9.5%
	RMB cents	RMB cents	
Basic and diluted loss per share	(9.68)	(12.52)	+22.7%

FINANCIAL POSITION

	As at 31 December		
	2025	2024	Change
	RMB million	RMB million	%
Cash and cash equivalents	157.1	46.0	+241.5%
Total assets	1,301.8	1,409.4	-7.6%
Net assets	291.3	394.8	-26.2%

FINANCIAL RATIO

	For the year ended 31 December		
	2025	2024	Change
Gross profit margin	22.7%	22.6%	+0.1 ppt
Net loss to revenue	(369.3%)	(77.3%)	-292.0 ppt
Return on equity	(112.2%)	(91.5%)	-20.7 ppt

	As at 31 December		
	2025	2024	Change
Net debt to equity ratio	116.8%	119.3%	-2.5 ppt
Gearing ratio	170.8%	130.9%	+39.9 ppt

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of China Anchu Energy Storage Group Limited (the "**Company**"), I am pleased to present the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2025 (the "**Year**").

Business overview

In the Year, the revenue of the Group decreased by approximately 81.0% from approximately RMB467.0 million for the year ended 31 December 2024 (the "**Prior Year**") to RMB88.5 million and the loss for the Year decreased from approximately RMB361.1 million for the Prior Year to RMB326.8 million.

The complex and volatile economic environment with escalating geopolitical conflicts significantly affected the revenue from the industrial product segment for the Year. The ongoing Red Sea crisis in late 2024 and the first half of 2025 caused longer delivery time and increased shipping costs which contributed a huge setback for our industrial products business. On the other hand, the US tariffs imposed on the goods made in the PRC further decreased the demand. After careful and due consideration, the Group had temporarily maintained this business segment at a minimal operation level during the first half of the Year.

The Red Sea crisis de-escalated significantly in the second half of 2025. After several negotiation and discussion with customers in relation to, among others, the price, delivery time and payments, the Group has resumed limited business operations in the fourth quarter of the Year. Thus, the revenue from the segment was limited.

The PRC's economy in the 2025 achieved its growth target of 5%, but macroeconomic slowdown, weak consumption, and intense competition have placed significant pressure on traditional segments. The market demand for branded menswear apparel remained low for the Year due to weak consumer sentiment and consumption patterns. The Group continues to diversify its product lines to increase the revenue streams and maintain the market share.

The Group continues to focus on resource optimisation, business stability, and exploring opportunities in energy storage battery technology and markets. The production trial run is progressing effectively in a steady and sequential way. The Group had entered into sales and purchase agreements with several PRC state-owned enterprises for our energy storage products. Besides, the Group entered into several letters of intent with other companies within the energy storage field to explore the opportunities in strategic cooperation in relation to energy storage business.

Chairman's Statement

Future prospects

While the global economy and geopolitical uncertainties continue to negatively impact our business performance, the Group makes every effort to pursue progress and stability.

Although the Red Sea crisis showed signs of easing in the second half of 2025, the outbreak of war between the U.S. and Iran in early 2026 has affected nearby Middle Eastern regions. This uncertainty could potentially affect the Industrial Products segment. The Group will continue to monitor the operating environment in 2026 and, when necessary, adjust its strategies to adapt to changing business conditions and safeguard the interests of the Group.

The economic growth of the PRC was stable but fell short of initial expectations and consumers remained prudent on personal expenses budgeting. The demand for our menswear apparel products remained weak during the Year. The Group will continue to monitor the menswear apparel operations and the retail market, explore the feasibility of product diversification to retain the market share, control and reduce unnecessary expenses and save costs.

For the energy storage battery segment, the process of setting up automated production system and streamlining production lines to increase production capacity and commercial production trial run are still in progress. Since the assembly and adjustment of machinery and equipment for the production of zinc- bromine flow batteries involves investment of high technology, technical talents and a number of variable elements, the time required to optimise the production line is longer than expected. The Group will respond to the need for process optimisation and invest in the necessary resources timely to enable commercial operation to commence as soon as possible. In the meantime, the Group has been actively engaging in business discussion with more PRC state-owned enterprises and we are confident to foster greater cooperation with those enterprises and to explore opportunities to expand into other new energy-related businesses, thereby enhancing and diversifying the revenue sources of the Group.

Appreciation

Last but not least, I would like to take this opportunity to extend my sincere gratitude to all Shareholders, fellow directors, senior management and staff for their dedication and contribution to the Group's development during the Year. I, on behalf of the Board, would like to thank all our customers, suppliers and business partners for their continuous support and trust. Going forward, we shall remain unwavering in exploring further opportunities and overcoming challenges for attaining better results for the Group.

Kwok Kin Sun

Chairman

Hong Kong, 30 March 2026

Management Discussion and Analysis

Overview

The Group is principally engaged in the sales of industrial products to customers located in Saudi Arabia, the sales of menswear apparel and brand licensing in the PRC and sales of energy storage battery in the PRC during the Year.

Business Review

A. Industrial Products Segment

The Group sells automotive, motorcycle and other industrial products to customers in Saudi Arabia through an indirect non wholly-owned subsidiary of the Company, Oriental Starway Limited (“**Oriental Starway**”) with a business partner who owns 20% of the equity interest in Oriental Starway. The business partner has over 17 years of extensive experience in selling auto parts with a strong network of marketing in Saudi Arabia and supply chain in the PRC.

In early 2025, the Red Sea crisis remains a significant disruption to global shipping route with the Suez Canal being largely avoided by major shipping route lines. Rerouting around the Cape of Good Hope continues to cause longer transit times, increased costs, and capacity constraints on key trade routes. Attacks on Israel-linked ships and the Houthis’ continued targeting at ships in the Eastern Mediterranean Sea resulted in high level of risk according to the information from Ship Universe, a media in relation to shipping news. Longer time of delivery to those Middle East regions led to global container shortage. In addition, due to the decrease in market demand for the goods made in the PRC resulting from the US tariffs imposed on them, the shipping companies decreased the number of shipping routes between the PRC and Saudi Arabia. The high global consumption of oil led to increased usage of vessels for delivery of oil. Due to the aforesaid, the shipping cost kept rising in late 2024 to the first half of 2025.

Our main customers’ shipping ports are located at Jeddah which is a Saudi Arabian port city in the Red Sea. As a result, the Group had to delay the delivery of the industrial products transported by sea to its customers in Saudi Arabia. Our customers intended to carry out procurement in a more efficient way and thus further adversely affected our business. Furthermore, the competition from other suppliers in Southeast Asia engaging in export business to Saudi Arabia has intensified, putting pressure on the prices of the Group’s industrial products.

In light of the above, the cost of products and delivery costs of this segment significantly increased and are expected to further increase in the foreseeable future.

In addition, although the economic growth of Saudi Arabia was stable, it recorded fiscal deficit in 2024 and the first quarter of 2025 due to the decrease in oil income. It shows that the transition of Saudi Arabia from oil-dependent to non-oil dependent country is challenging and more complicated than expected. It is unfavourable to our business performance and for exploring new customers and revenue channels. The collection of trade receivables in the industrial products segment was unsatisfactory and the management has been actively negotiating with customers on, inter alia, the collection period, the unit prices, future orders, etc. The management has suspended the delivery of their orders and considers to take further actions to collect the receivables.

The industrial products business is facing increasing challenges due to increasing costs, uncertain operating conditions and intense competition. The management had been continuously monitoring the efficiency and effectiveness of the business and formulating strategies to mitigate costs and maintain the profitability. However, these efforts have not yielded significant results. Further, the unsolved Red Sea Crisis makes the future prospects of the business unpredictable. After careful and due consideration, the Group has adopted a prudent and conservative approach and temporarily maintained this business segment at a minimal operating level in the first half of 2025 until the operational conditions improve and strategies to maintain effectiveness of the business are formulated.

The Red Sea crisis de-escalated significantly in the second half of 2025. Following the Gaza/Israel-Hamas ceasefire effective in October 2025, the Houthis halted attacks on international shipping, resulting in a sharp decline in Houthi attacks on commercial vessels in the region.

The Group has been endeavouring to discuss with customers and suppliers in relation to, among other things, the selling/purchases prices, settlement of outstanding receivables, and delivery. We have reached agreements on the commercial terms of the future orders and the settlement plan of the outstanding receivables. The Group has resumed limited operations in late 2025 and thus the revenue for the Year decreased significantly comparing with the Prior Year.

Management Discussion and Analysis

Customers

As at 31 December 2025, at the early stage of resumption of operation of this segment, the Group had only one customer for the industrial products segment, that engages in the businesses of wholesale and retail sale of automotive and motorcycle industrial products in Saudi Arabia and other Middle East countries. It is mainly located in Jeddah which is the second largest city in Saudi Arabia. Jeddah has long been a seaport city and a trading hub for the region. These merits are beneficial to our customers' business. It is expected that the number of customers will increase in the coming year when the operation further stabilises.

Details of the customer of the industrial products segment are as follows:

Customer	Background	Products procured from the Group	Length of business relationship	% of the revenue
Customer A	This customer is principally engaged in import-export and wholesale of auto parts.	Auto parts	2 years	100%

The customer is independent of the Company and its connected persons (as defined in the Listing Rules).

For the assessment of and plans to reduce the concentration on limited number of customers, please refer to the paragraph A (ii) headed "Concentration on limited number of customers" under the section headed "Principal risks and uncertainties" on page 38 of this annual report.

Suppliers

The Group purchased industrial products from suppliers, which are mainly factories and distributors in the PRC.

There were two suppliers during the Year for the industrial products segment due to limited operations during the Year. It is expected that the number of suppliers will increase in the coming year when the operation further stabilises.

Management Discussion and Analysis

B. Menswear Apparel Segment

The Group's menswear apparel business in the PRC mainly engages in the sales of its branded menswear apparel and brand licensing. The Group completed the transformation from labour intensive manufacturing industry to outsourcing its branded menswear apparel by leveraging on its own design talent in 2021. The Group currently sources its products on OEM basis only, which is more flexible in meeting the customer demand in the current trend.

To respond to the changing consumption patterns and consumer preferences, in the recent years, the Group has dedicated efforts in diversifying its product styles, with a focus on rejuvenating the product lineup to align with the trend of fast fashion, while maintaining stringent quality standards to broaden revenue streams for this segment. The Group continues to make steady progress in pursuing this strategic direction.

In the current weak retail environment, distributors are placing small quantity orders of different product mix, which resulted that economies of scale in production could not be achieved. In addition, after experiencing the suspension of social and economic activities over the past few years due to the COVID-19 pandemic, outsourcing production process can avoid the sunk cost of production, such as idle labor costs and fringe benefits.

Distribution Network for the Sales of Menswear Apparel

The Group primarily sells its products on a wholesale basis to its third-party distributors, which then (i) sell the products to end customers through retail outlets or (ii) resell the products to their sub-distributors, which in turn sell the products to end customers through retail outlets operated by those sub-distributors. The Group also sells its products to online distributors which then resell the products to end customers through different third-party online platforms such as Tmall.com and JD.com.

As at 31 December 2025, our distribution network comprised 30 distributors (2024: 31) (including one online distributor) and 17 sub-distributors (2024: 21) which operated 236 retail outlets (2024: 270), representing a net decrease of 34 retail outlets. As at 31 December 2025, 90.5% (2024: 90.0%) of the retail outlets were located in department stores or shopping malls whereas 9.5% (2024: 10.0%) of the retail outlets were standalone stores.

Design and Product Development

The Group always puts great emphasis on product design and quality, as we believe our ability and commitment to provide fashionable and comfortable products have been integral to our success. As at 31 December 2025, our product design and development team consisted of 3 (2024: 3) members. The team members, who plan, implement, supervise and manage the design and development efforts, have over 10 years of experiences in the fashion industry. We will continue to invest in our product design and research and development capabilities to capture fashion trends and product designs.

Sales Fairs

We generally organize sales fairs at our headquarters in Quanzhou, the PRC to showcase our upcoming products for the spring/summer and autumn/winter collections to our existing and potential distributors and their sub-distributors. We review our distributors' orders placed at our sales fairs to ensure that they are reasonable and in line with the relevant distributor's capacity and development plans. The sales fair for the 2025 autumn/winter collections was held in March 2025, and the sales fair for the 2026 spring/summer collections was held in September 2025.

Management Discussion and Analysis

C. Energy Storage Battery Segment

The Company further expanded into the business of energy storage battery segment in 2022. Jiangsu HengAn Energy Technology Co., Ltd.* (江蘇恆安儲能科技有限公司) (“**Jiangsu HengAn**”), an indirect non wholly-owned subsidiary of the Company, acquired the intellectual property rights and fixed assets in respect of the production facilities of zinc-bromine flow battery (鋅溴液流電池).

The main operations of this segment are production and sales of zinc-bromine flow battery. A zinc-bromine flow battery is a rechargeable battery system that utilises the chemical reaction between zinc metal and bromine to generate electric current. It is being developed for stationary power applications, ranging from domestic energy usage to grid-scale energy (電網規模能源). It enables power system operators and utility companies to store energy for future use.

In November 2022, under the phase 1 development plan, Jiangsu HengAn has set up a zinc-bromine flow battery research and development production base (the “**Production Base**”) in the Jiangning Development Zone* (江寧開發區). Jiangsu HengAn started the production trial run. The time for testing and adjusting the machines was longer than expected due to the impact of COVID-19 pandemic in late 2022 and early 2023. As the time for testing was prolonged, the Group needed time to purchase new equipment to replace those tools consumed to make the production lines optimal for commercial operation.

In the same year, the PRC promulgated the implementation plan for the development of new energy storage and placed high importance on the advancement of energy storage technologies. The Group believes that the energy storage battery market will have promising prospects under the support of the global trend and the national policy of “carbon emission reduction”. During 2023, the Company has entered into a letter of intent on collaboration with Nanjing Jiangning Economic and Technological Development Committee* (南京江寧經濟技術開發區管理委員會), to carry out the phase 2 development plan to increase the production capacity of the Production Base in order to meet the demands from potential customers. Pursuant to the phase 2 development plan, to increase the plant production capacity and efficiency, the Group planned to automate its production lines. The Group needed to re-design its production base, purchase new equipment and upgrade the existing equipment. Since the assembly and adjustment of machinery and equipment for the production of zinc-bromine flow batteries involve the investment of high technology, technical talents and a number of variable elements, the time required to optimise the production line was longer than expected. The phase 2 development plan was in progress during the Year.

Jiangsu HengAn had also participated in several exhibitions to showcase our products. We took the chance to meet customers and potential customers to ensure that we could satisfy their needs and plans. On the other hand, Jiangsu HengAn has entered into equipment procurement agreements with several subsidiaries of PRC state-owned enterprises, pursuant to which Jiangsu HengAn would sell zinc-bromine flow battery energy storage systems together with the ancillary facilities to those companies. Entering into those agreements with the subsidiaries of PRC state-owned enterprises can strengthen the position and reputation of the Group in the energy storage market and those orders demonstrate the confidence of the market towards the energy storage systems offered by the Group.

The Group has proactively planned the procurement of machinery and raw materials for these development plans in advance, while actively engaging with potential customers to build commercial networks. The objective is to commence commercial production as soon as possible and generate returns for the Group following the completion of factory setup, machinery installation, commissioning and testing.

During the Year, the battery production remained in the trial production stage. As a result, revenue for the Year was insignificant. Production techniques and product quality have continued to improve, and feedback from customers on the products has become notably more positive as compared to previous years.

Management Discussion and Analysis

Financial Review

Revenue

Revenue by Product Type

	For the year ended 31 December				Change %
	2025		2024		
	RMB million	% of revenue	RMB million	% of revenue	
Industrial Products					
Automotive Industrial Products	13.2	14.9%	225.5	48.3%	-94.1%
Other Industrial Products	–	–	139.6	29.9%	-100%
Total of Industrial Products	13.2	14.9%	365.1	78.2%	-96.4%
Menswear Apparel					
Menswear Apparel Products	62.7	70.8%	80.6	17.2%	-22.2%
Brand licensing	7.5	8.5%	12.5	2.7%	-40.0%
Total of Menswear Apparel	70.2	79.3%	93.1	19.9%	-24.6%
Energy Storage Battery					
Energy Storage Battery	5.1	5.8%	8.8	1.9%	-42.0%
Total	88.5	100%	467.0	100%	-81.0%

The decrease in revenue was due to the limited operation in the industrial products segment which was resumed in late 2025, the decrease of approximately RMB22.9 million in revenue from the menswear apparel segment and the decrease of approximately RMB3.7 million in revenue from the energy storage battery segment.

As disclosed in the paragraph under the section headed “Industrial Products Segment” on page 6 of this annual report, there was limited operation in the industrial products segment during the Year.

The revenue from the menswear apparel segment decreased by approximately 24.6% comparing with the Prior Year. The decrease was mainly attributable to the lower selling price per unit and the decrease in market demand during the Year. As customers’ behaviors changed and live commerce becomes popular, customers are prone to buy more affordable products through online channels. Furthermore, due to the low consumer sentiment and slow economic recovery, there was no significant improvement in the retail market and it has adversely affected the demand for our menswear products. The selling price offered by the Group had to be more competitive and thus the revenue decreased with decreased number of units sold comparing with those of the Prior Year.

The battery production facilities were still under trial production stage during the Year. To accelerate the process, the Group spent more time on the testing and adjustment of the equipment and therefore, the revenue from the energy storage battery segment decreased by approximately 42.0% comparing with the Prior Year.

Management Discussion and Analysis

Revenue by Region

Region	For the year ended 31 December				Change %
	2025		2024		
	RMB million	% of Revenue	RMB million	% of Revenue	
Saudi Arabia					
Industrial Products	13.2	14.9%	365.1	78.2%	-96.4%
PRC					
Menswear Apparel	70.2	79.3%	93.1	19.9%	-24.6%
Energy Storage Battery	5.1	5.8%	8.8	1.9%	-42.0%
Total of PRC	75.3	85.1%	101.9	21.8%	-26.1%
Total	88.5	100%	467.0	100%	-81.0%

The PRC region was the major revenue contributor to the Group, accounting for approximately 85.1% (2024: Saudi Arabia region: 78.2%) of the total revenue.

Cost of Sales

	For the year ended 31 December				Change	
	2025		2024		Change RMB million	Change %
	RMB million	% of revenue	RMB million	% of revenue		
Industrial Products	10.2	11.5%	289.1	61.9%	-278.9	-96.5%
Menswear Apparel	56.1	63.4%	67.1	14.4%	-11.0	-16.4%
Energy Storage Battery	2.1	2.3%	5.1	1.1%	-3.0	-58.8%
Total	68.4	77.3%	361.3	77.4%	-292.9	-81.1%

Cost of sales decreased by approximately 81.1% to approximately RMB68.4 million for the Year from approximately RMB361.3 million for the Prior Year.

For the industrial products segment, the cost of sales was attributable to the purchases of industrial products from suppliers in the PRC. The decrease in cost of sales from the industrial products segment was in line with the decrease in revenue from this segment.

The decrease in cost of sales from the menswear apparel segment was in line with the decrease in revenue from this segment.

Management Discussion and Analysis

Gross Profit

	For the year ended 31 December			
	2025	2024	Change	Change
	RMB million	RMB million	RMB million	%
Industrial Products	3.0	76.0	-73.0	-96.1%
Menswear Apparel	14.1	26.0	-11.9	-45.8%
Energy Storage Battery	3.0	3.7	-0.7	-18.9%
Total	20.1	105.7	-85.6	-81.0%

Gross Profit Margin

	For the year ended 31 December		
	2025	2024	Change
	%	%	
Industrial Products	22.7%	20.8	+1.9 ppt
Menswear Apparel	20.1%	27.9	-7.8 ppt
Energy Storage Battery	58.8%	42.0	+16.8 ppt
Group	22.7%	22.6	+0.1 ppt

The slight increase in the profit margin of the Group was mainly due to the combined effect of the increase in the profit margins of the industrial products segment and the energy storage battery segment and the decrease in the profit margin of the menswear apparel segment. For the menswear apparel segment, the decrease was mainly attributable to the reduced selling prices to respond to the weak consumer sentiment and to retain market share during the Year.

Loss for the Year

	For the year ended 31 December			
	2025	2024	Change	Change
	RMB million	RMB million	RMB million	%
Industrial Products	(158.3)	(132.5)	-25.8	-19.5%
Menswear Apparel	(71.6)	(92.6)	+21.0	+22.7%
Energy Storage Battery	(67.6)	(64.6)	-3.0	-4.6%
Unallocated	(29.3)	(71.4)	+42.1	+59.0%
Total	(326.8)	(361.1)	+34.3	+9.5%

The Group recorded continuous loss for the Year. The management of the Group concluded that there was impairment indication and conducted a review of the recoverable amounts of investment properties, right-of-use assets, property, plant and equipment and trade and other receivables (2024: investment properties, right-of-use assets and trade receivables) of the Group. Based on the result of the assessment, the management of the Group determined that the partial recoverable amounts of those assets were lower than their carrying amounts.

Management Discussion and Analysis

The impairment losses on the investment properties in the PRC for the Year were approximately RMB29.5 million (2024: RMB11.0 million). It was mainly due to the decrease in fair values according to the valuation report prepared by an external valuer (the “**Valuer**”) engaged by the Company. For the Prior Year, the impairment losses on right-of-use assets in the PRC was approximately RMB14.2 million.

In view of intense competition, menswear appeals segment recorded continuous loss in recent years. The recoverable amounts of this segment according to the valuation report prepared by the Valuer is lower than the carrying amounts and thus an impairment losses on the property, plant and equipment of this segment of approximately RMB5.5 million (2024: RMB nil) has been recognised for the Year.

A net allowance for expected credit losses (“**ECL**”) on trade receivables and other receivables under IFRS9 “Financial Instruments” of approximately RMB196.5 million (2024: RMB211.3 million) and approximately RMB3.2 million (2024: RMB nil) had been recognised, respectively. The increase in net allowance for ECL was mainly due to the unsatisfactory collection of the trade receivables of the industrial products segment and other receivables of the energy storage battery segment.

For the menswear apparel segment and the energy storage battery segment, the general net allowances for ECL on trade receivables were recognised for the Year due to long outstanding trade receivables.

For the net allowance for ECL on the trade receivables of the industrial products segment, the management had suspended the delivery of their orders since late 2024 and actively negotiated with the customers in relation to the trade receivables. After a series of negotiation, the Group has recovered partial trade receivables in early 2026 and the customers have agreed to gradually arrange settlements.

For the net allowance for ECL on the other receivables of the energy storage battery segment, part of the other receivables were deposits for procurement of machinery and raw materials for the development plans to increase the production capacity to meet the needs of potential customers and to allow the Group to commence commercial production once the plans were completed. Nevertheless, the lead time for the development plans was longer than initially expected due to the impact of COVID-19 pandemic in previous years, the complexity of the technology involved and the time for the production trial run to optimise the production lines. A net allowance for ECL on the deposit was made during the Year.

On 14 January 2025, pursuant to the capital contribution agreements dated 30 December 2024 entered into between the Group and certain independent investors, the investors have agreed to acquire certain equity interest in Jiangsu HengAn. Under certain circumstances as set out in the agreements, each of the investors has the right to request the Group to repurchase his equity interest in Jiangsu HengAn. Thus, according to the valuation reports prepared by the Valuer, financial liabilities at fair value through profit or loss (“**FVTPL**”) of RMB28 million was recognised for the repurchase rights on 14 January 2025 and a change in fair value of the financial liabilities at FVTPL of approximately RMB8.2 million was recognised in the profit or loss on 31 December 2025. This fair value loss is recognised in the energy battery segment.

Excluding the financial liabilities fair value loss, loss for the Year from the energy storage battery segment, which was in the trial run production stage, was approximately RMB59.4 million (2024: RMB64.6 million). The decrease in loss from this segment was mainly due to the increase in gross profit and cost control measures on selling and distribution expenses during the Year. Significant costs were involved in the trial run production, such as, among others, research and development expenses, testing charges and sample charges.

The Company granted 304,690,000 (2024: 170,000,000) share options of the Company (the “**Share Option(s)**”) to certain Directors and employees of the Group during the Year. The equity-settled share-based payment expenses in respect of the Share Options granted during the Year was approximately RMB9.8 million (2024: RMB48.6 million).

Other Incomes and Other Gains or Losses

For the Year, other incomes and other gains or losses increased by approximately RMB5.0 million to approximately RMB25.8 million from approximately RMB20.8 million for the Prior Year. The net increase was mainly due to the increase in government grant of approximately RMB1.6 million and the increase in gain on termination on brand licensing service of approximately RMB3.5 million.

Management Discussion and Analysis

Selling and Distribution Expenses

	For the year ended 31 December				Change RMB million	Change %
	2025		2024			
	RMB million	% of revenue	RMB million	% of revenue		
Industrial Products	0.4	0.5%	10.6	2.3%	-10.2	-96.2%
Menswear Apparel	1.1	1.2%	2.6	0.6%	-1.5	-57.7%
Energy Storage Battery	3.0	3.4%	12.3	2.6%	-9.3	-75.6%
Total	4.5	5.1%	25.5	5.5%	-21.0	-82.4%

For the industrial products segment, due to limited operation in this segment during the Year, the amount of the selling and distribution expenses was insignificant.

For the menswear apparel segment, the decrease in the selling and distribution expenses was primarily due to (i) the decrease in advertising and promotional expenses and stores renovation expenses of approximately RMB1.2 million resulting from a change in promotion strategy and cost control policy; and (ii) the decrease in packing materials cost of approximately RMB0.2 million which was in line with the decrease in the revenue from this segment.

For the energy storage battery segment, the significant decrease in the selling and distribution expenses was mainly due to (i) the decrease in staff salaries of approximately RMB3.3 million resulting from streamlined operation; (ii) the decrease in advertising and promotion expenses of approximately RMB5.9 million as the Group participated in several exhibitions in the Prior Year but did not participate in such exhibitions during the Year, and the cost control measures on the advertising expenses; (iii) the decrease in entertainment and carriage outwards expenses of approximately RMB0.7 million which was in line with the decrease in the revenue from this segment, partially offset by the increase in the service expenses of approximately RMB0.6 million to assist customers in product operation and enhancement, and through providing such services, it would provide further data for the Group to analyse the products and technology and resulted in optimisation of the production process.

Administrative and Other Operating Expenses

	For the year ended 31 December				Change RMB million	Change %
	2025		2024			
	RMB million	% of revenue	RMB million	% of revenue		
Industrial Products	3.6	4.0%	5.6	1.2%	-2.0	-35.7%
Menswear Apparel	32.9	37.2%	37.8	8.1%	-4.9	-13.0%
Energy Storage Battery	48.2	54.5%	54.6	11.7%	-6.4	-11.7%
Unallocated	23.3	26.3%	59.0	12.6%	-35.7	-60.5%
Total	108.0	122.0%	157.0	33.6%	-49.0	-31.2%

For the industrial products segment, the decrease in the administrative and other operating expenses were mainly due to the decrease in the financial and accounting services fee of approximately RMB0.4 million, decrease in other professional services fee of approximately RMB0.9 million and decrease in the audit fee of approximately RMB1.0 million resulting from the limited operation in this segment during the Year.

Management Discussion and Analysis

For the menswear apparel segment, the decrease in the administrative and other operating expenses was mainly due to the decrease in (i) the staff salaries and insurance expenses of approximately RMB0.5 million; (ii) the cost for rental income and water and electricity expenses for the Year of approximately RMB1.8 million and RMB2.5 million, respectively, resulting from the test running of the restructured factory areas which are planned to be leased out during the Prior Period; and (iii) decreases in the amortisation expenses of land-use-rights and depreciation expenses of investment properties of approximately RMB0.5 million and RMB2.5 million, respectively, due to decreases in the book values, partially offset by the increase in the PRC government management fee of approximately RMB1.6 million and the increase in the repair and maintenance expenses of approximately RMB1.7 million, mainly for renovation of the office building. Further details in relation to the restructured factory areas are set out in the paragraphs under the section headed “Factory Restructuring” on page 18 of this annual report.

For the energy storage battery segment, the decrease in administrative and other expenses was mainly due to (i) the decrease in staff salaries and insurance expenses of approximately RMB8.7 million, as a termination fee of approximately RMB1.4 million in relation to streamlining the structure was recognised in the Prior Year and the Group has been further improving the workforce efficiency during the Year; and (ii) the decrease in office and entertainment expenses of approximately RMB2.0 million in aggregate due to cost control measures, partially offset by the increase in the research and development expenses of approximately RMB3.6 million, which was mainly due to numerous expenses being classified as research and development expenses during the trial run production process and due to the increase in the number of trial run during the Year to satisfy the needs of the customers.

The Company granted 304,690,000 (2024: 170,000,000) Share Options in aggregate to eligible persons of the share option scheme of the Company adopted on 23 October 2025 in the Year. An equity-settled share-based payment expense of approximately RMB9.8 million (2024: RMB48.6 million) was recognised in the unallocated segment and the decrease in this expense comparing with the Prior Year was the main reason leading to the decrease in the administrative and other operating expenses of the unallocated segment.

Finance Costs

The finance costs did not vary significantly as compared with that of the Prior Year. There was mainly an increase in the interest expenses on the bank and other borrowings of approximately RMB0.8 million.

Income Tax

For the Year, income tax expenses decreased by approximately RMB55.2 million year-on-year from tax expenses of approximately RMB44.1 million in the Prior Year to tax credit of approximately RMB11.1 million in the Year. The decrease was mainly due to the increase in deferred tax assets recognised for provision for ECL on trade receivables of the industrial products segment for the Year and partially offset by the reversal of the deferred tax assets recognised for provision for ECL on trade receivables of the menswear apparel segment for the past years.

Dividends

The Board has resolved not to recommend the payment of a final dividend for the Year (2024: nil).

Liquidity and Financial Resources and Capital Structure

As at 31 December 2025, the total cash and bank balances of the Group were approximately RMB157.1 million (2024: RMB46.0 million), comprising cash and cash equivalents of approximately RMB157.1 million (2024: RMB46.0 million).

As at 31 December 2025, the Group had a total of interest bearing borrowings of approximately RMB497.4 million (2024: RMB516.8 million), comprising bank and other borrowings of approximately RMB398.4 million (2024: RMB426.0 million), corporate bonds of approximately RMB27.7 million (2024: RMB27.4 million), convertible bond of RMBnil (2024: RMB3.1 million) and loans from a shareholder of approximately RMB71.3 million (2024: RMB60.3 million). The Group's borrowings were primarily denominated in RMB and HK\$ (2024: in both RMB and HK\$) and bear interest at fixed rate (2024: fixed rate) ranging from 0.1% to 5.66% (2024: 0.1% to 5.66%) per annum.

Management Discussion and Analysis

The maturity profile of the borrowings as at 31 December 2025 was as follows:

	2025		2024	
	RMB million	%	RMB million	%
Within 1 year or on demand	464.0	93.3%	463.3	89.6%
Over 1 but within 2 years	33.4	6.7%	45.4	8.8%
Over 2 but within 5 years	–	–	8.1	1.6%
Total	497.4	100%	516.8	100%

As at 31 December 2025, the gearing ratio was approximately 170.8% (2024: 130.9%). The increase was mainly due to the decrease in total equity. The Group's gearing ratio is measured by the total interest-bearing borrowings divided by total equity and multiplied by 100%.

As at 31 December 2025, the Group's total equity decreased by approximately RMB103.5 million to approximately RMB291.3 million (2024: RMB394.8 million). The decrease was mainly due to the increase in the loss for the Year and partially offset by the increase of the share capital and related reserves as a result of the issue of new Shares during the Year and the increase in the special reserves as a result of the share subscriptions which were completed in January 2026.

The Group recorded a net debt to equity ratio of approximately 116.8% as at 31 December 2025 (2024: 119.3%).

The Group regularly and actively monitors its capital structure to ensure that there is sufficient working capital to operate its business and to maintain a balanced capital structure between providing steady returns to the Shareholders and benefits to its other stakeholders and having an adequate level of borrowing and security.

Charges of Assets

As at 31 December 2025, secured bank borrowings of RMB353.0 million (2024: RMB383.0 million) were secured by the following assets with the carrying values:

	2025	2024
	RMB million	RMB million
Properties	17.4	3.8
Investment properties	362.0	186.4
Land use right	189.5	196.2
Intangible assets	2.7	–
Total	571.6	386.4

Management Discussion and Analysis

Significant Investment, Material Acquisition and Disposal of Subsidiaries and Associated Companies

Deemed disposal of equity interest in Jiangsu HengAn and the grant of repurchase rights

Deemed disposal of equity interest in Jiangsu HengAn

On 30 December 2024, the Company and 3 subsidiaries of the Company, Jiangsu HengAn, Oriental Richway Limited (“**Oriental Richway**”) and Yulin Anchu Richway Energy Technology Co., Ltd.* (榆林安儲富利能源科技有限公司) (“**Yulin Anchu**”), entered into the capital contribution agreements with each of Mr. Teng Tengjun, Mr. Wang Qinggong, Mr. Gu Jun, Mr. He Weijun and Mr. Yang Zhongjun (the “**Investors**”) separately (the “**Capital Contribution Agreements**”) in respect of the capital contributions in Jiangsu HengAn by each of the Investors (the “**Capital Contributions**”). Pursuant to the Capital Contribution Agreements, the Investors had conditionally agreed to contribute RMB28,000,000 in aggregate into Jiangsu HengAn, of which approximately RMB6,545,000 was contributed towards the registered capital of Jiangsu HengAn, which accounts for approximately 2.34% of the enlarged equity interest in Jiangsu HengAn, and the remaining was contributed towards the capital reserve of Jiangsu HengAn.

Upon completion of the Capital Contributions, the Company's interest in Jiangsu HengAn (holding through Oriental Richway and Yulin Anchu) was diluted from 100% to approximately 97.66%. The Capital Contributions constituted deemed disposal of equity interest in Jiangsu HengAn (the “**Deemed Disposal**”) under Rule 14.29 of the Listing Rules.

The proceeds from the Capital Contributions will be strategically allocated to two key areas of development of the production base of Jiangsu HengAn in Nanjing (the “**Nanjing Production Base**”) which include expanding the production capacity and upgrading the production facilities from semi-automatic to fully automated systems. By improving its infrastructure and optimising the operations of the Nanjing Production Base, Jiangsu HengAn and its subsidiaries would position themselves to meet the growing demand and could strengthen its competitive edge in the energy storage market in the PRC.

All the applicable percentage ratio (as defined under Rule 14.06 and Rule 14.30 of the Listing Rules) in respect of the Deemed Disposal are less than 5%.

Repurchase rights

Each of the Investors has the right (the “**Repurchase Rights**”) to require Jiangsu HengAn and/or the Company (the “**Repurchase Obligors**”), to jointly repurchase all or part of its equity interest in Jiangsu HengAn (the “**Repurchase Interest**”) after occurrence of any of the triggering events as set out in the Capital Contribution Agreements.

The repurchase price (the “**Repurchase Price**”) shall be the higher of (i) the Capital Contribution paid by the Investor with respect to the Repurchase Interest, plus an annual simple interest of 8% calculated from the payment date of the Capital Contribution to the payment date of the Repurchase Price by the Repurchase Obligors, and minus any dividends already paid to the Investor with respect to the Repurchase Interest; (ii) the most recent audited consolidated net book asset value of Jiangsu HengAn attributable to the Repurchase Interest; and (iii) the Capital Contribution plus the increases in shareholders' equity in the Repurchase Interest, including but not limited to surplus reserves, undistributed profits, and increases in shareholders' equity caused by other circumstances.

On 18 February 2025, the Company, Jiangsu HengAn, Oriental Richway and Yulin Anchu entered into supplemental agreements to the Capital Contribution Agreements (the “**Supplemental Agreements**”) with each of the Investors, pursuant to which the Repurchase Price was agreed to be not more than the maximum amount (the “**Maximum Amount(s)**”) as set out in the Supplemental Agreements, which was set with reference to the respective Capital Contributions made by the Investors. The aggregate Maximum Amount of all Investors was HK\$39.2 million.

Since the exercises of the Repurchase Rights under the Capital Contribution Agreements are not at the discretion of the Company, according to Rule 14.74(1) of the Listing Rules, the transactions were classified as if the Repurchase Rights had been exercised at the time of the grant of the Repurchase Rights. As the highest applicable percentage ratio in respect of the grant of the Repurchase Rights in aggregate exceeded 5% but was less than 25%, the grant of the Repurchase Rights constituted a discloseable transaction of the Company and was therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Management Discussion and Analysis

The Deemed Disposal was completed on 14 January 2025. Upon completion of the Capital Contributions, the Investors were interested in approximately 2.34% of the enlarged equity interest in Jiangsu HengAn in aggregate, and the Group's interest in Jiangsu HengAn (holding through Oriental Richway and Yulin Anchu) was diluted from 100% to approximately 97.66%. Accordingly, Jiangsu HengAn remains as a subsidiary of the Company and the financial results of Jiangsu HengAn and its subsidiaries continues to be consolidated in the financial statements of the Group.

For details of the Deemed Disposal and the grant of Repurchase Rights, please refer to the announcements of the Company dated 30 December 2024 and 18 February 2025.

Save as disclosed above, the Group had no significant investment, material acquisition and disposal of subsidiaries, associates and joint ventures during the Year.

Factory Restructuring

Since 2020, the Group has started to restructure certain redundant factory areas (the “**Restructuring**”) in Quanzhou to change the usage of those areas into a one-stop home and commercial furnishing chain business platform (the “**Platform**”) in order to increase the income streams.

The Platform will facilitate the matching of suppliers and customers of the furnishing industry. The Restructuring will be separated into different areas such as furnishing materials store, furnishing design centre and supporting facilities such as business centre. We expect to receive rental incomes, promotion and advertisement fees from the Platform.

The Restructuring was principally funded by cash generated from our operations and bank borrowings. As at 31 December 2025, the Restructuring has been completed. Portions of the Platform have already been leased out during the Year while the remaining areas are actively being marketed for lease.

Capital Commitments and Contingencies

As at 31 December 2025, the Group had a total capital commitment of approximately RMB177.9 million (2024: RMB215.2 million). It was primarily related to the construction in progress and purchase of equipment. All the capital commitments are expected to be financed by income generated from our operations and bank and other borrowings.

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

Foreign Currency Exposure

The functional currency of the Group is Renminbi and the Company's financial statements are translated into Renminbi for reporting and consolidation purpose. Foreign exchange differences arising from translation of financial statements are directly recognised in equity as a separate reserve. As the Group conducts its business transactions principally in Renminbi and US dollars, other than the Hong Kong dollar corporate bonds, the exchange rate risk at the Group's operational level is not significant. The Group does not employ any financial instruments for hedging purpose.

Employees, Training and Development

The Group had a total of 96 employees as at 31 December 2025 (2024: 180). Total staff costs for the Year amounted to approximately RMB39.0 million (2024: RMB87.5 million).

The Group places strong emphasis on recruiting quality personnel from universities and technical schools and provides on-going training and development opportunities to our staff members. Our training programs cover topics such as sales, customer service, quality control, sales fairs planning and pre-employment training. We also provide training on workplace ethics, fire protection and other areas relevant to the business. We believe that staff training plays an important role in recruiting and retaining talent as well as enhancing employees' loyalty.

The Group offers competitive remuneration packages to its employees, including basic salary, allowances, insurance, commission/bonuses and share options, based on various factors such as market rates, responsibility, job complexity and the Group's performance.

Management Discussion and Analysis

Issue of New Shares Under General Mandate

Subscriptions of 524,431,000 Shares

On 12 December 2025, the Company entered into 31 subscription agreements with 31 subscribers, pursuant to which the subscribers had agreed to subscribe for 524,431,000 new ordinary Shares in aggregate at the subscription price of HK\$0.55 per subscription Share. The net issue price was HK\$0.55 per subscription Share. The closing price was HK\$0.68 per Share as quoted on the Stock Exchange on the date of the subscription agreements. The aggregate nominal value of the subscription Shares was HK\$1,311,077.50. The table below sets out the background of the subscribers with respective number of subscription shares:

Subscriber	Background	Number of Subscription Shares
1. Subscriber A	Individual investor familiar with the securities investment sector	10,909,000
2. Subscriber B	Individual investor and a merchant engaging in the mechanical and electrical engineering business	23,000,000
3. Subscriber C	Individual investor familiar with the securities investment sector	11,788,000
4. Subscriber D	Individual investor familiar with the financial management sector	1,818,000
5. Subscriber E	Individual investor familiar with the securities investment sector	3,996,000
6. Subscriber F	Individual investor familiar with the securities investment sector	11,253,000
7. Subscriber G	Individual investor familiar with the real estate business	34,256,000
8. Subscriber H	Individual investor familiar with the securities investment sector	12,727,000
9. Subscriber I	Individual investor familiar with the securities investment sector	6,454,000
10. Subscriber J	Individual investor familiar with the finance and audit sector	3,254,000
11. Subscriber K	A company which is principally engaged in investment holding and its ultimate beneficial owner is an individual with extensive experience in equity investment	48,363,000
12. Subscriber L	Individual investor and a merchant engaging in the information technology business	2,727,000
13. Subscriber M	Individual investor familiar with the securities investment sector	3,272,000
14. Subscriber N	Individual investor familiar with the construction business	5,454,000
15. Subscriber O	Individual investor familiar with the information technology business	11,648,000
16. Subscriber P	Individual investor and a merchant engaging in the construction and engineering and energy businesses	5,454,000
17. Subscriber Q	Individual investor and a merchant engaging in the real estate business	12,727,000

Management Discussion and Analysis

Subscriber	Background	Number of Subscription Shares
18. Subscriber R	A company which is principally engaged in investment holding and its ultimate beneficial owner is an individual with extensive experience in equity investment and principally engaged in apparel e-commerce	60,000,000
19. Subscriber S	A company which is principally engaged in cloud computing business and its ultimate beneficial owner is an individual with extensive experience in equity investment	9,090,000
20. Subscriber T	Individual investor familiar with the securities investment sector	4,545,000
21. Subscriber U	Individual investor familiar with banking sector and a merchant engaging in fintech business	4,545,000
22. Subscriber V	Individual investor familiar with the construction business	2,909,000
23. Subscriber W	Individual investor familiar with the real estate business	24,000,000
24. Subscriber X	Individual investor and a merchant engaging in the information technology business	27,272,000
25. Subscriber Y	Individual investor familiar with the financial sector	5,090,000
26. Subscriber Z	Individual investor and a merchant engaging in trading business	3,996,000
27. Subscriber AA	Individual investor and a merchant engaging in medical aesthetics business	47,952,000
28. Subscriber AB	Individual investor familiar with the financial sector	92,297,000
29. Subscriber AC	Individual investor familiar with the financial sector	14,545,000
30. Subscriber AD	Individual investor familiar with the securities investment sector	10,000,000
31. Subscriber AE	Individual investor familiar with the brand management business	9,090,000
Total		524,431,000

Management Discussion and Analysis

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the subscribers and its ultimate beneficial owner(s) (for corporate entities) were independent of the Company and its connected persons.

The subscriptions were completed and 524,431,000 new Shares in aggregate were allotted and issued to the subscribers on 6 January 2026. The net proceeds from the subscriptions amounted to approximately HK\$288.2 million (equivalent to approximately RMB260.3 million).

The detailed breakdown of the approximate allocation of the intended uses and the utilisation of the net proceeds from the share subscriptions as at the date of this annual report are as follows:

	Intended uses HK\$ million	Utilised HK\$ million	Unutilised HK\$ million
Business development			
— Capital expenditure for expanding production capacity of the energy storage battery segment	45.0	—	45.0
— Investment in potential related renewable energy projects	77.0	(25.9)	51.1
	122.0	(25.9)	96.1
Repayment of debts, including bank borrowings, corporate bonds and loans from a Shareholder			
	74.0	(58.4)	15.6
General working capital			
— Payment of trade and other payables	28.0	(23.3)	4.7
— Staff salaries and benefits	28.0	(11.5)	16.5
— Professional service fee, including but not limited to audit fee, legal advisor fee and consultancy fee	6.0	(3.7)	2.3
— Other operational expenses, including but not limited to rental expenses, water and electricity charges, replacement of existing factory and office equipment and expenses in relation to governance compliance	30.2	(14.2)	16.0
	92.2	(52.7)	39.5
Total	288.2	(137.0)	151.2

The Directors consider that the subscriptions represent a good opportunity to raise additional funds to strengthen the financial position and liquidity of the Group and meet any future development and financial obligations at a reasonable cost. The Directors were of the view that, apart from debt financing, the subscriptions helped to broaden the Company's funding channels.

For details of the subscriptions, please refer to the announcements of the Company dated 12 December 2025, 22 December 2025 and 6 January 2026.

Subscriptions of 59,574,000 Shares

On 23 December 2024, the Company entered into subscription agreements with Mr. Chen Chuzhan and Mr. Chen Hao Jun, pursuant to which (i) Mr. Chen Chuzhan had agreed to subscribe for 48,936,000 new ordinary Shares at the subscription price of HK\$0.50 per subscription Share; and (ii) Mr. Chen Hao Jun had agreed to subscribe for 10,638,000 new ordinary Shares at the subscription price of HK\$0.50 per subscription Share. The net issue price was HK\$0.499 per subscription share. The closing price was HK\$0.20 per Share as quoted on the Stock Exchange on the date of the subscription agreements. The aggregate nominal value of the subscriptions Shares was HK\$148,935.

Management Discussion and Analysis

Mr. Chen Chuzhan is an individual investor with extensive equity investment experience in new energy, trading and pharmaceutical business. Mr. Chen Hao Jun is an individual investor with extensive experience in equity investment mainly engages in e-commerce business in the PRC. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, they were independent of the Company and its connected persons.

The subscriptions were completed and 48,936,000 new Shares were allotted and issued to Mr. Chen Chuzhan and 10,638,000 new Shares were allotted and issued to Mr. Chen Hao Jun under general mandate on 15 January 2025. The net proceeds from the subscriptions amounted to approximately HK\$29.7 million (equivalent to approximately RMB27.5 million), which were intended for general working capital of the Group and were fully utilised for the same. The Directors consider that the subscriptions represented a good opportunity to raise additional funds to strengthen the financial position and liquidity of the Group and meet any financial obligations at a reasonable cost. The Directors were of the view that, apart from debt financing, the subscriptions helped to broaden the Company's funding channels.

For details of the subscriptions, please refer to the announcements of the Company dated 23 December 2024 and 15 January 2025.

Subscription of 42,000,000 Shares in the Prior Year

On 29 May 2024, the Company entered into a subscription agreement with Ms. Cheng Cong ("**Ms. Cheng**"), pursuant to which Ms. Cheng had agreed to subscribe for 42,000,000 new ordinary Shares at the subscription price of HK\$0.50 per subscription Share. The net issue price was HK\$0.499 per subscription Share. The closing price was HK\$0.315 per Share as quoted on the Stock Exchange on the date of the subscription agreement. The aggregate nominal value of the subscription Shares was HK\$105,000.

Ms. Cheng, who is an individual investor with extensive experience in equity investment and principally engaged in, among others, e-commerce business in the PRC. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Ms. Cheng was independent of the Company and its connected persons.

The subscription was completed and 42,000,000 new Shares were allotted and issued to Ms. Cheng under general mandate on 19 June 2024. The net proceeds from the subscription amounted to approximately HK\$20.9 million (equivalent to approximately RMB19.1 million), which were intended for general working capital of the Group and were fully utilised for the same. The Directors consider that the subscription represented a good opportunity to raise additional funds to strengthen the financial position and liquidity of the Group and meet any financial obligations at a reasonable cost. The Directors were of the view that, apart from debt financing, the subscription helped to broaden the Company's funding channels.

For details of the subscription, please refer to the announcements of the Company dated 29 May 2024 and 19 June 2024.

Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 20 May 2026 to Wednesday, 27 May 2026 (both days inclusive) for the purpose of determining entitlements of Shareholders to attend and vote at the forthcoming annual general meeting (the "**2026 AGM**"). The record date shall be Wednesday, 27 May 2026. In order to qualify for attending and voting at the 2026 AGM, all transfers of Shares accompanied by the relevant share certificate must be lodged with the Company's branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited, Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong not later than 4:30 p.m. on Tuesday, 19 May 2026.

Corporate Governance Report

The Board strives to uphold good corporate governance and adopts sound corporate governance practices. The Company has applied the principles and code provisions of the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) as set out in the Appendix C1 to the Listing Rules.

Compliance with the CG Code

After reviewing the Company’s corporate governance practices and the CG Code contained in Part 2 of the Appendix C1 to the Listing Rules, the Board is satisfied that the Company has complied with the provisions of the CG Code for the Year.

Board of Directors

The Board is responsible for governing the Company and managing assets entrusted by the Shareholders. The Directors recognise and acknowledge their collective and individual responsibility to the Shareholders and perform their duties diligently to achieve positive results for the Company and to maximize returns for the Shareholders.

The Board currently comprises five executive Directors, namely Mr. Kwok Kin Sun, Mr. Kwok Hon Fung, Mr. Lu Ke, Mr. Duan Huiyuan and Ms. Ma Xiaoling; one non-executive Director, namely Mr. Wang Yan; and three independent non-executive Directors, namely Mr. Cheung Chiu Tung, Mr. Poon Yick Pang Philip and Mr. Ma Yu-heng.

Their biographical details and (where applicable) their family relationships are set out in the section headed “Biographical Details of Directors and Senior Management” on pages 36 to 37 in this annual report.

Mr. Kwok Kin Sun, the chairman of the Company (the “**Chairman**”) and an executive Director, is the father of Mr. Kwok Hon Fung, who is also an executive Director and the chief executive officer of the Company (the “**Chief Executive Officer**”). Save as disclosed herein, there are no other financial, business, family or other material/relevant relationships among members of the Board.

The Board currently comprises five executive Directors, one non-executive Director and three independent non-executive Directors, with independent non-executive Directors representing one-third of the Board, which fulfills the requirement of the Listing Rules. Such proportion of independent non-executive Directors on the Board can ensure their views would carry sufficient weight and enhance the independence of the Board. On the above basis, the Board considers that the current board structure will not impair the balance of power and the authority of the Board. The Board shall nevertheless review the structure and composition of the Board from time to time in light of the prevailing circumstances, to maintain a high standard of corporate governance practices of the Company.

The Board sets the Group’s overall objectives and strategies, monitors and evaluates its operating and financial performance and reviews the corporate governance standard of the Group. It also decides on matters such as annual and interim results, material transactions, director appointments or re-appointments, investment policy, dividend and accounting policies. The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operations of the Group’s businesses to the executive Directors and members of the senior management. The functions and power that are so delegated are reviewed periodically by the Board to ensure that they remain appropriate.

Corporate Governance Report

The Board is also responsible for developing, reviewing and monitoring the policies and practices on corporate governance and legal and regulatory compliances of the Group, and the training and continuous professional development of the Directors and the senior management. The Board also reviews the disclosures in the corporate governance report to ensure compliance.

All Board members have separate and independent access to the Group's senior management to fulfill their duties. Independent professional advice can be sought to assist the relevant Directors to discharge their duties at the Group's expense upon their request.

All Directors are required to declare to the Board upon their first appointment, the directorships or other positions they are concurrently holding at other companies or organizations. These are updated on an annual basis and when necessary.

All Directors are provided with monthly updates on the Company's performance and financial position to enable the Board as a whole and each Director to discharge their duties.

Directors' and officers' insurance

The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and officers.

Directors' continuous training and professional development

All Directors are aware of their responsibilities to the Shareholders and have exercised their duties with care, skill and diligence, in pursuit of the development of the Group. Each newly appointed Director is given necessary introduction and information to ensure that he has a proper understanding of the Company's operations and businesses as well as his responsibilities under the relevant laws and regulations.

All Directors are also encouraged to participate in continuous professional development to develop and refresh their knowledge and skills in accordance with the requirements of the Listing Rules. Briefings and updates on the latest development regarding the Listing Rules and other applicable regulatory requirements are provided to each of the Directors to ensure compliance and enhance their awareness of good corporate governance practices.

In accordance with the CG Code, all Directors have provided training records for their participation in continuous professional development to the Company.

Chairman and Chief Executive Officer

The roles of the Chairman and Chief Executive Officer are separated and not performed by the same individual as this can ensure better checks and balances and hence better corporate governance. Mr. Kwok Kin Sun holds the position of the Chairman, who is primarily responsible for strategic positioning. Mr. Kwok Hon Fung serves as the Chief Executive Officer, who is primarily responsible for the overall management of the daily operations of the Group.

Corporate Governance Report

Independence of independent non-executive directors

The role of the independent non-executive Directors is to provide independent and objective opinions to the Board and give adequate control and balances for the Group to protect the overall interests of the Shareholders and the Group. They serve actively on the Board and their committees to provide their independent and objective views.

In compliance with Rules 3.10(1) and 3.10A of the Listing Rules, the Company has appointed three independent non-executive Directors, representing one-third of the Board. Two of the independent non-executive Directors, Mr. Poon Yick Pang Philip and Mr. Ma Yu-heng, have the appropriate professional qualifications in accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

Each independent non-executive Director has submitted annual confirmation of independence to the Company pursuant to Rule 3.13 of the Listing Rules. Based on such confirmations, the Company considers that all the independent non-executive Directors are independent to the Company and its subsidiaries.

Board committees

The Board is supported by three committees, namely the audit committee, nomination committee and remuneration committee. Each Board committee has its defined and written terms of reference approved by the Board covering its duties, powers and functions. The terms of reference are available on the Company's website.

All Board committees are provided with sufficient resources to discharge their duties, including access to management or professional advice if considered necessary.

Audit Committee

The audit committee consists of the three independent non-executive Directors, namely Mr. Poon Yick Pang Philip, Mr. Cheung Chiu Tung and Mr. Ma Yu-heng. Mr. Poon Yick Pang Philip, who has appropriate professional qualification and experience in accounting matters, is the chairman of the audit committee.

The primary functions of the audit committee are to assist the Board in providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems, overseeing the audit process and performing other duties and responsibilities as assigned by the Board. These include reviewing the interim and annual results and reports of the Group.

The members of the audit committee had (i) reviewed and discussed with the external auditors of the Company the consolidated financial statements of the Group for the Year, including the accounting principles and practices adopted by the Group and the report prepared by the external auditors covering major findings in the course of the audit; (ii) evaluated the financial reporting process, internal control and risk management systems of the Group and (iii) reviewed and discussed the matters in relation to the delay in publication of the annual results of the Company for the year ended 31 December 2024 and considered the measures and improvement to prevent re-occurrence of a delay in results publication in the future. During the Year, the audit committee had held 4 meetings.

Corporate Governance Report

Remuneration Committee

The remuneration committee consists of one executive Director namely, Mr. Duan Huiyuan, and two independent non-executive Directors, namely Mr. Cheung Chiu Tung and Mr. Poon Yick Pang Philip. Mr. Cheung Chiu Tung is the chairman of the remuneration committee.

The primary functions of the remuneration committee are to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives, make recommendations to the Board on the remuneration package of the individual executive Directors and senior management and on the establishment of a formal and transparent process for developing such remuneration policy and review the share schemes of the Company. No executive Director takes part in any discussion on his own remuneration. The Company's objective for its remuneration policy is to maintain fair and competitive packages based on business requirements and industry practice. In order to determine the level of remuneration and fees paid to members of the Board, market rates and other factors such as each Director's workload, performance, responsibility, job complexity and the Group's performance are taken into account. The Company has also adopted a share option scheme on 9 June 2014 (the "**2014 Share Option Scheme**") and a new share option scheme on 23 October 2025 (the "**2025 Share Option Scheme**") for the purpose of rewarding, among others, directors, executives, officers and employees of the Company or any of its subsidiaries, for their past contributions and attracting and retaining, or otherwise maintaining on-going relationships with such persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group.

On 23 January 2024, the Company granted an aggregate of 170,000,000 share options of the Company (the "**Share Option(s)**") to Directors and employees of the Group with vesting period of not less than 12 months as required under Rule 17.03F of the Listing Rules. Accordingly, no view was required to be sought from the remuneration committee in respect of the grants as to the appropriateness of shorter vesting period under Rule 17.03F and Rule 17.06B(7). While no performance target was set, under Rule 17.06B(8) of the Listing Rules, the remuneration committee was of the view that, the purpose of the 2014 Share Option Scheme is to, among others, recognise the eligible participants for their contribution to the Group, and retain and provide incentives for them to promote the success of the Group's business as a whole. The 2014 Share Option Scheme will allow the eligible participants an opportunity to have a personal stake in the Company, which will further motivate them to optimise their performance as well as efficiency. The Share Options granted are subject to the clawback mechanism as set out in the terms of the 2014 Share Option Scheme. The Share Options will lapse upon the grantee ceasing to be an eligible participant on one or more grounds, including but not limited to, he is convicted of any criminal offence involving his integrity or honesty, or has become insolvent or had made any arrangement or composition with his creditors generally.

On 25 November 2025, the Company granted an aggregate of 304,690,000 Share Options to Directors and employees of the Group with vesting period of not less than 12 months as required under Rule 17.03F of the Listing Rules. Accordingly, no view was required to be sought from the remuneration committee in respect of the grants as to the appropriateness of shorter vesting period under Rule 17.03F and Rule 17.06B(7). While no performance target was set, under Rule 17.06B(8) of the Listing Rules, the remuneration committee was of the view that, the purpose of the 2025 Share Option Scheme is to, among others, recognise the eligible participants for their contribution to the Group, and retain and provide incentives for them to promote the success of the Group's business as a whole. The 2025 Share Option Scheme will allow the eligible participants an opportunity to have a personal stake in the Company, which will further motivate them to optimise their performance as well as efficiency. The Share Options granted are subject to the clawback mechanism as set out in the terms of the 2025 Share Option Scheme. The Share Options will lapse upon the grantee ceasing to be an eligible participant on one or more grounds, including but not limited to, he is convicted of any criminal offence involving his integrity or honesty, or has become insolvent or had made any arrangement or composition with his creditors generally.

Corporate Governance Report

The remuneration committee is of the view that specific performance targets are not necessary since (i) the value of the Share Options is subject to the future market price of the Shares, which, in turn, depends on the business performance of the Group, to which the Grantees would directly contribute; (ii) the Share Options are subject to the vesting period which could ensure that the grantees would be motivated to contribute to the Group's development; and (iii) setting performance targets with reference to a particular performance indicator, e.g. annual net profits of the Group, may not be suitable since this may encourage the grantees, including the Directors, to focus on a particular aspects of the Group but disregard other aspects of the Group and its all-round developments thereof.

As such, the remuneration committee and the Board believe that without additional performance targets, the grant of the Share Options could align the interests of the grantees with that of the Company and its shareholders, provide incentive to the grantees to devote to the future continuous competitiveness, results of operation and growth of the Group, and reinforce their commitment to long-term services of the Group, which is in line with the purpose of the share option schemes.

The remuneration committee had held 4 meetings during the Year and reviewed (i) the remuneration policy and structure relating to the Directors and senior management of the Company, (ii) the share option schemes of the Company and (iii) the grant of Share Options.

Further particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix D2 to the Listing Rules are set out in notes 10 and 11 to the consolidated financial statements.

Nomination Committee

The nomination committee consists of two executive Directors, namely Mr. Kwok Kin Sun and Ms. Ma Xiaoling, and three independent non-executive Directors, namely Mr. Poon Yick Pang Philip, Mr. Cheung Chiu Tung and Mr. Ma Yu-heng. Mr. Kwok Kin Sun is the chairman of the nomination committee.

The primary functions of the nomination committee are to review the composition of the Board, including its structure, size and diversity at least annually to ensure it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Group. It is also responsible of considering and making recommendations to the Board suitably qualified persons to become a member of the Board, monitoring the succession planning for Directors and assessing the independence of independent non-executive Directors. The nomination committee will also give consideration to the Board Diversity Policy (as defined below) when identifying suitably qualified candidates to become members of the Board, and the Board will review the Board Diversity Policy, so as to develop and review measurable objectives for implementing the Board Diversity Policy and to monitor the progress on achieving these objectives.

The nomination committee had held 2 meetings during the Year and reviewed the size, diversity and composition of the Board.

Corporate Governance Report

Corporate governance function

The Company's corporate governance function is carried out by the Board pursuant to a set of written terms of reference adopted by the Board in compliance with Code provision A.2.1 of the CG Code, which include (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; (b) to review and monitor the training and continuous professional development of the Directors and senior management of the Group; (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees of the Group and the Directors; and (e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report.

Board meetings

Regular board meetings are held at quarterly intervals with additional meetings convened as and when necessary to discuss the overall strategic directions, the Group's operations, financial performance, and to approve interim and annual results and other significant matters. For regular meetings, Board members are given at least 14 days prior notice and agenda and supporting documents are sent to the Directors not less than 3 days before the relevant meeting is held. The Directors may propose to the chairman or the company secretary of the Company (the "**Company Secretary**") to include matters in the agenda for board meetings.

The table below sets out the attendance of each Director at the general meetings and the meetings of the Board and the Board committees held during the Year:

	Meetings					
	2025 AGM	EGM	Board	Audit Committee	Remuneration Committee	Nomination Committee
Number of meetings held	1	1	22	4	4	2
Numbers of meetings attended:						
Executive Directors						
Mr. Kwok Kin Sun	0	1	22	N/A	N/A	2
Mr. Kwok Hon Fung	0	1	22	N/A	N/A	N/A
Mr. Lu Ke	1	1	22	N/A	N/A	N/A
Mr. Duan Huiyuan	1	1	22	N/A	4	N/A
Ms. Ma Xiaoling	0	1	22	N/A	N/A	N/A
Non-executive Director						
Mr. Wang Yan	1	1	22	N/A	N/A	N/A
Independent non-executive Directors						
Mr. Cheung Chiu Tung	1	1	22	4	4	2
Mr. Poon Yick Pang Philip	1	1	22	4	4	2
Mr. Ma Yu-heng	1	1	22	4	N/A	N/A

The Directors are requested to declare their direct or indirect interests, if any, in any proposals or transactions to be considered by the Board at board meetings and abstain from voting on the related board resolutions as appropriate.

Minutes of the meetings of the Board and Board committees are kept by the Company Secretary in sufficient details of the matters considered and decisions made, including dissenting views expressed, and are open for inspection on reasonable notice by any Director. Draft and final versions of the minutes are sent to all Directors for their comments and records respectively within reasonable time after the Board meeting is held.

All Directors have access to the advice and services of the Company Secretary with a view to ensuring the Board procedures are followed.

Corporate Governance Report

Appointment and re-election of directors

Each of the executive Directors, non-executive Director and independent non-executive Directors has entered into a service contract or letter of appointment with the Company for a term of three years commencing from 16 July 2014 (the "**Listing Date**") (renewable automatically for successive terms of 3 years upon expiry) or their respective date of appointment subject to retirement and re-election at annual general meetings in accordance with the Company's articles of association (the "**Articles**").

In accordance with the Articles, a person may be appointed as a Director either by the Shareholders in a general meeting or by the Board. Any Directors appointed by the Board as additional Directors or to fill casual vacancies shall hold office until the next following annual general meeting, and are eligible for re-election by the Shareholders. In addition, at each annual general meeting one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years at an annual general meeting, and are eligible for re-election by the Shareholders.

Dividend policy

The declaration, payment and amount of dividends will be subject to the discretion of the Board and the approval of the shareholders of the Company, and will depend on the following factors:

- our earnings and financial condition;
- operating requirements;
- capital requirements; and
- other factors that our Directors may consider relevant.

The payment of dividends by the Company is also subject to all applicable laws and regulations and the Articles.

Board diversity policy

Pursuant to the CG Code relating to board diversity policy which has come into effect since 1 September 2013, the Board adopted a board diversity policy (the "**Board Diversity Policy**") on 9 June 2014. The Company recognises and embraces the benefits of diversity of Board members. While all Board appointments will continue to be made on a merit basis, the Company will ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the Company's business. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge, which have been adopted by the Company as measurable objectives for the purpose of implementation of the Board Diversity Policy. The Board has achieved all of the measurable objectives under the Board Diversity Policy.

Corporate Governance Report

Workforce diversity policy

The Company has adopted a workforce diversity policy. The Company considers workforce diversity as an important element in maintaining sustainable growth and operational success and driving high performance across the Group.

The Company is committed to fostering an inclusive, diverse, and supportive workplace where all employees, regardless of gender, age, family status, race ethnicity, religion, sexual orientation, disability or other characteristics protected by applicable laws, are valued, respected, and treated fairly with equal opportunities. The Company does not tolerate any form of bias, discrimination, harassment and violence in the workplace and in any work-related circumstances.

As at 31 December 2025, the male-to-female ratios in the senior management of the Group and the workforce (excluding the senior management) were approximately 2.83:1 and 1.61:1, respectively, which are regarded by the Board as satisfactory and in line with the industry which the Group operates its businesses in.

The Company will continue to take gender diversity into consideration during recruitment and increase the female proportion at all levels over time, such that there is a pipeline of female senior management and potential successors to the Board in the future. The Board will periodically monitor the gender composition of the workforce and set targets if and as necessary.

Nomination policy

Pursuant to the CG Code relating to nomination policy which has come into effect since 1 January 2019, the Board adopted a nomination policy (the "**Nomination Policy**") on 21 December 2018. The Nomination Committee shall consider a number of factors in making nominations, including but not limited to reputation; skill, experience and professional expertise; diversity in all its aspects; commitment in respect of available time and the independence criteria applicable to the candidate to be nominated as an independent non-executive director. The Nomination Policy also sets out some nomination procedures:

- The Company Secretary shall call a meeting of the Nomination Committee, and invite nominations of candidates from Board members if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by Board members;
- For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election or re-election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation;
- In order to provide information of the candidates nominated by the Board to stand for election or re-election at a general meeting, a circular will be sent to the shareholders. The name, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information, as required pursuant to the applicable laws, rules and regulations, of the proposed candidates will be included in the circular to shareholders; and
- The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election or re-election at any general meeting.

Corporate Governance Report

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the Company’s code of conduct regarding Directors’ securities transactions.

Senior management who, because of their office in the Company, are likely to be in possession of inside information, have also been requested to comply with the provisions of the Model Code.

Pursuant to Rule A.3 of the Model Code, the Directors were prohibited from dealing in any securities of the Company on any day on which its financial results are published and during the period of 30 days immediately preceding the publication date of the interim results of the Company for the six months ended 30 June 2025 (the “**2025 Interim Results**”), as well as any period of delay in the publication of the announcement of 2025 Interim Results (the “**2025 Black-out Period**”). The 2025 Black-out Period commenced on 29 July 2025, and ended on 28 August 2025, i.e. the date on which the 2025 Interim Results was published. According to Rule B.8 of the Model Code, a director must not deal in any securities of the issuer without first notifying in writing the chairman or a director (other than himself) designated by the board for the specific purpose and receiving a dated written acknowledgement (the “**Designated Director**”).

100,000 Shares held by Everkept Limited (“**Everkept**”) (a company wholly-owned by Mr. Kwok Kin Sun, a Director and the chairman of the Board, and his spouse), representing approximately 0.003% of the total issued share capital of the Company, were sold on the open market as a result of forced sales by the lender under the financial arrangement between Everkept and the lender on 30 July 2025 (the “**Disposal**”), i.e. during the 2025 Black-out Period, without prior notice to Everkept nor Mr. Kwok Kin Sun. Everkept and Mr. Kwok Kin Sun were only informed after the Disposal and thus Mr. Kwok Kin Sun did not notify the Designated Director the same in writing before the Disposal. The Disposal constituted incompliance in the Model Code. For details of the Disposal, please refer to the announcement of the Company dated 7 August 2025.

Save as disclosed above, and upon specific enquiries, all Directors and the senior management of the Company confirmed that they have complied with the relevant provisions of the Model Code throughout the Year.

Company secretary

Mr. Ong Kam Chit Vincent (“**Mr. Ong**”) was appointed as the Company Secretary with effect from 29 May 2023. Mr. Ong is a fellow member of the Association of Chartered Certified Accountants and a fellow member of the Hong Kong Institute of Certified Public Accountants with over 32 years of experience in auditing, financial management and accounting. Since May 2023, Mr. Ong is currently also the company secretary, authorised representative and process agent of China In-Tech Limited (stock code: 464), a company listed on the Main Board of the Stock Exchange.

During the Year, Mr. Ong has complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

Financial reporting and internal controls

Financial Reporting

The Board acknowledges its responsibility to prepare the Company’s accounts which give a true and fair view of the Group’s state of affairs, results and cash flows for the Year and in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board, and the disclosure requirements of the Hong Kong Companies Ordinance. The Company has selected appropriate accounting policies and has applied them consistently based on prudent and reasonable judgments and estimates. The Board considers that the Group has adequate resources to continue in business for the foreseeable future and is not aware of any material uncertainties relating to events or conditions that may affect the business of the Company or cast doubts on its ability to continue as going concern, except from the issue discussed under note 1 to the consolidated financial statements in relation to the loss and the net current liabilities of the Group.

The responsibilities of Suya WWC CPA Limited, the Company’s external auditor, with respect to financial reporting are set out in the section headed “Independent Auditor’s Report” in this annual report.

Corporate Governance Report

Risk Management and Internal Controls

The main features of the risk management and internal control systems are to provide a clear governance structure, policies and procedures, as well as reporting mechanism to facilitate the Group to manage its risks across business operations.

The Board acknowledges its responsibility to ensure the Company maintains sound risk management and internal control systems and to review their effectiveness. The Group has established a risk management framework. The Board determines the nature and extent of risks that shall be taken in achieving the Group's strategic objectives, and has the overall responsibility for monitoring the design, implementation and the overall effectiveness of risk management and internal control systems.

The Group has formulated and adopted a risk management policy in providing direction in identifying, evaluating and managing significant risks. At least on an annual basis, the senior management identifies risks that would adversely affect the achievement of the Group's objectives, and assesses and prioritizes the identified risks according to a set of standard criteria. Risk mitigation plans and risk owners are then established for those risks considered to be significant.

In addition, the Group has engaged an independent professional advisor to assist the Board and the audit committee in the ongoing monitoring of the risk management and internal control systems of the Group. Deficiencies in the design and implementation of internal controls are identified and recommendations are proposed for the improvement of the risk management and internal control systems. Significant internal control deficiencies are reported to the audit committee and the Board on a timely basis to ensure prompt remedial actions are taken.

Risk management report and internal control report are submitted to the audit committee and the Board at least once a year. The Board and the audit committee had performed annual review on the effectiveness of the Group's risk management and internal control systems, including but not limited to the Group's ability to cope with its business transformation and changing external environment; the scope and quality of management's review on risk management and internal control systems; the result of internal audit work; the extent and frequency of communication with the Board in relation to the results of the risk and internal control review; any significant failures or weaknesses identified and their related implications; and the status of compliance with the Listing Rules. Based on the review, the Board considers the Group's risk management and internal control systems are effective and adequate.

The risk management and internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve the business objectives of the Group, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board appointed Zhonghui Anda Risk Services Limited to conduct a review of the effectiveness on the Group's internal control and risk management system and to provide services for enterprise risk management during the Year.

Procedures and Internal Controls for the Handling and Dissemination of Inside Information

The Group complies with the requirements of the Securities and Futures Ordinance ("SFO") and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the Safe Harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in its announcements are not false or misleading as to a material fact, or false or misleading through material omission in view of presenting information in a clear and balanced way, which requires balanced disclosure of both positive and negative aspects.

Corporate Governance Report

Delay in publication of the annual results for the year ended 31 December 2024 (the “2024 Annual Results”)

The 2024 Annual Results were only published by the Company on 30 April 2025. The audit of the 2024 Annual Results was delayed mainly due to the unexpected departure of the experienced staff of the accounting department of the major subsidiaries (the “**Major Subsidiaries**”) of the Company who was responsible for the finance and accounting functions of the Major Subsidiaries during the Prior Year. As a result, additional time was required to (i) complete the unaudited management accounts of the Major Subsidiaries for the Prior Year, which led to the delay in sending and receiving audit confirmations to and from suppliers and customers, as well as collecting and collating the requisite information and documents for the auditors of the Company (the “**Auditors**”) to complete the audit of the 2024 Annual Results; and (ii) complete the initial audit by the new Auditors which were appointed on 8 November 2024.

Measures and improvements to prevent re-occurrence of delay in publication of results announcement

The measures and improvements that have been made by the Company to its internal processes and systems to prevent re-occurrence of delay in publication of results announcement in the future are as follows:

Audit Planning Process

In the audit planning process for results announcements, a committee comprising (i) the chairman of the audit committee, an independent non-executive Director, (ii) the chief financial officer, (iii) the senior accounting staff of the Group and (iv) the Auditors has been established to review, among others, the audit matters that arise and the request for documents and information by the Auditors, the responsibilities of each party involved in the audit process, the audit timetable.

Financial Reporting System

A special committee comprising (i) the chairman of the audit committee, an independent non-executive Director, (ii) an executive Director, (iii) the chief financial officer and (iv) the senior accounting staff of the Group has been established to review the existing financial reporting and internal control system to identify any deficiencies in the management of the accounting functions of the Group and the handover process and, if necessary, seek recommendations from professional advisors on how to enhance the monitoring and management of the accounting functions of the Group.

The Company has been endeavouring to enhance the business integration and the levels of automation and standardise the financial reporting system of the entire Group as far as possible and the accounting system at the subsidiaries levels can integrate into the accounting system of the Company at the listed company level as far as possible and the Company will have direct access to the accounting system of the subsidiaries.

In addition, in order to prevent the re-occurrence of delay in results announcement publication due to the resignation of senior accounting staff of the Group, the Company has:

1. strictly implemented the policy of requiring its subsidiaries to submit the monthly management accounts of subsidiaries (the “**Management Accounts**”) and its supporting schedules to the Company not later than the end of the immediately subsequent month of each month and the relevant senior accounting staff of the subsidiaries is required to directly report to, in addition to their senior management of the relevant subsidiary, the chief financial officer of the Company. Further, each of the Major Subsidiaries is required to, through comprehensive allocation of duties, ensure that more than one senior accounting staff who are familiar with the books and records of the relevant Major Subsidiary as a whole are in place in order to minimise the risk of interruption in the event of unexpected departure of one of the senior accounting staff;
2. improved the physical and electronic documentations and records of, among others, (i) the procedures of preparation of month-end, interim-end and year-end Management Accounts, including routine vouchers entries, bank reconciliation, consolidated adjustments; (ii) the timetable of preparation of month-end, interim-end and year-end Management Accounts which strictly requires monthly Management Accounts and related schedules to be provided to the Company for review; and (iii) the duties of each members of the accounting team;

Corporate Governance Report

3. provided trainings and briefings to the relevant existing and new staff members of the Group, in particular those in the accounting functions, to provide them with an understanding on the requirements of the Listing Rules, the importance of compliance with the same and the potential serious consequences in case of non-compliance; and
4. evaluated at regular intervals on the effectiveness of the above mechanism on a quarterly basis to identify any deficiency and promptly formulated and implemented appropriate solutions.

Risk Management

Whenever there is departure of accounting staff of the Group in the future, the Company will be informed immediately and the Company will communicate and discuss with the management of the Group to assess the risk of such departure to the accounting and reporting functions of the Group. If the risk is assessed to be high and will significantly affect the preparation of results announcement of the Group, the Company will immediately assign experienced accounting staff and/or hire professionals in accounting and reporting to assist in the accounting and reporting functions of the relevant subsidiaries of the Company.

Internal Control Systems

The centralised book keeping policy and procedures of the Group have been enhanced. The Group has implemented a policy that the subsidiaries of the Company are required to submit financial information, such as management accounts, general ledger, trade receivables list, prepayment lists, payroll records and bank reconciliation statements with significant balances to the Company on a monthly basis.

The Group has also adopted an accounting system which allows the Company to collect and centralise all financial information of the subsidiaries on a monthly basis. The Company will promptly review those financial information upon receipt such that any material issue could be identified as early as possible but not only during the year-end audit process.

The accounting team of the Company at listed company level meets the accounting teams of the subsidiaries at least on a quarterly basis to communicate on any major issues encountered during the book keeping process, in order to identify any major accounting issue in advance, and formulate appropriate solutions as early as possible accordingly.

The human resources department of the Group has enhanced the guidelines on proper handover of the matters before departure of any personnel, including, inter alia, highlighting and reiterating the expectations of the Group that staff members are expected to stay with the Group and complete their preparation of the relevant financial statements during those periods which the Company is required to prepare and announce the annual results and interim results (the “**Results Announcement Period**”) and advise them the potential consequences which may be caused to the Group in case of unexpected departure during the Results Announcement Period. Reminders are sent to the accounting staff of the subsidiaries of the Company at appropriate time before each upcoming Results Announcement Period.

Save as disclosed above, the Board was satisfied with the adequacy of resources, staff qualifications and experiences, training programmes and budget of the Company’s accounting, and the internal control and financial reporting functions.

External auditor

Elite Partners CPA Limited has resigned as the external auditor of the Company with effect from 8 November 2024 and Suya WWC CPA Limited has been appointed as the external auditor of the Company with effect from the same date. The independence of the external auditor is recognized and annually reviewed by the Board and the audit committee of the Company. During the Year, the fees paid and payable to Suya WWC CPA Limited in respect of its audit services provided to the Group was approximately RMB1.1 million (2024: RMB1.3 million) and the fee paid to Suya WWC CPA Limited in respect of its non-audit services provided to the Group was approximately RMB274,000 (2024: RMB nil).

Corporate Governance Report

Communication with shareholders and shareholders' rights

The Company aims to, via its corporate governance structure, provide all the Shareholders an equal opportunity to exercise their rights in an informed manner and allow the Shareholders to engage actively with the Company. Under the Articles, the Shareholder communication policy and other relevant internal procedures of the Company, the Shareholders enjoy, among others, the following rights:

(i) Participation at General Meetings

The general meetings of the Company provide an opportunity for direct communication between the Board and the Shareholders. The Company encourages the participation of the Shareholders through annual general meetings and other general meetings where the Shareholders meet and exchange views with the Board, and exercise their right to vote at meetings. Prior notices of meetings with appropriate notice period in compliance with the Articles and the Listing Rules and circulars containing details of proposed resolutions are sent to the Shareholders before the meeting. At the general meetings, separate resolutions are proposed on each substantial issue, including the election or re-election of individual Directors.

(ii) Enquiries and Proposals to the Board

The Company encourages the Shareholders to attend Shareholders' meetings and make proposals by either directly raising questions on both operational and governance matters to the Board and Board committees at the general meetings or providing written notice of such proposals for the attention of the Company Secretary at the principal place of business of the Company in Hong Kong currently situated at Unit 1703, 17/F, Lyndhurst Tower, 1 Lyndhurst Terrace, Central, Hong Kong or via email to ir@fordoo.cn.

(iii) Convening Extraordinary General Meeting

The Directors may, whenever they think fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Directors or the Company Secretary and deposited at the principal place of business of the Company in Hong Kong currently situated at Unit 1703, 17/F, Lyndhurst Tower, 1 Lyndhurst Terrace, Central, Hong Kong for the purpose of requiring an extraordinary general meeting to be called by the Directors for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Directors fail to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the requisitionist(s) by the Company.

There are no provisions under the Articles nor the Companies Act, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands regarding procedures for Shareholders to put forward proposals at general meetings other than a proposal of a person for election as director. Shareholders may follow the procedures as set out above to convene an extraordinary general meeting for any business specified in such written requisition.

The notice of annual general meeting together with the accompanying circular setting out the relevant information as required under the Listing Rules are sent to Shareholders at least 21 clear days prior to the meeting. Poll voting has been adopted for decision-making at Shareholders' meetings to ensure that each Share is entitled to one vote. Details of the poll voting procedures are set out in the circular sent to Shareholders prior to the meeting and explained at the commencement of the meeting. Voting results are posted on the Company's website on the day of the annual general meeting.

(iv) Procedures for Proposing a Person for Election as a Director

Pursuant to article 85 of the Articles, no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a Notice (as defined therein) signed by a Member (as defined therein) (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office provided that the minimum length of the period, during which such Notice(s) are given, shall be at least seven days and that (if the Notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such Notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting.

Biographical Details of Directors and Senior Management

Our Board is responsible and has general powers for the management and conduct of our business. Our Board currently consists of nine Directors, including five executive Directors, one non-executive Director and three independent non-executive Directors. The following sets forth information regarding members of our Board.

Executive Directors

Mr. Kwok Kin Sun (郭建新), aged 70, is the founder of the Group and an executive Director. He is also the chairman of the Board and the father of Mr. Kwok Hon Fung (郭漢鋒), an executive Director. He was appointed as an executive Director and the chairman of the nomination committee of the Company on 23 December 2013 and 9 June, 2014, respectively. Mr. Kwok has over 31 years of experience in the menswear apparel industry and is responsible for the formulation of the overall corporate strategies, planning and business development. Mr. Kwok's vision, leadership and dedication to the Group's development since inception have been core to the Group's success to date.

Mr. Kwok Hon Fung (郭漢鋒), aged 36, is the chief executive officer of the Group and an executive Director. He is responsible for the execution of corporate strategies and the overall management of daily operations of the menswear apparel business. He is the son of Mr. Kwok Kin Sun (郭建新), an executive Director. He joined the Group in January 2009 and was appointed as an executive Director on 12 February 2014. Mr. Kwok obtained a graduation certificate in business administration from East China Normal University (華東師範大學) in Shanghai in 2009.

Mr. Lu Ke (陸克), aged 50, joined the Group on 1 March 2022 as a general manager of Jiangsu HengAn, and was appointed as an executive Director on 22 June 2022. He is responsible for the management of the power storage industry business. Prior to joining the Group, Mr. Lu worked as a senior management member of a number of technology companies principally engaged in the energy storage sector in the PRC since 2007. He has over 19 years of experiences in the technology industry. He obtained his Master of Science in Marketing from New York University in May 2003 and Master in Public Policy from Kennedy School of Government, Harvard University in May 2005.

Mr. Duan Huiyuan (段惠元), aged 51, joined the Group in April 2023 as an executive deputy general manager of Jiangsu HengAn, and was appointed as an executive Director and a member of the remuneration committee of the Company on 16 June 2023. He has over 30 years of experience in the areas of project management, foreign trade, economic cooperation, investment promotion and industrial park development in both the public and private sectors. Mr. Duan was the general manager in the Jiangning District of China Fortune Land Development Co., Ltd. (華夏幸福基業股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600340), from January 2018 to December 2021. He was the general manager of Sino German Intelligent Manufacturing Industry Park Management (Jiangsu) Co., Ltd.* (中德智能製造產業園管理(江蘇)有限公司) from January 2022 to March 2023. He obtained his Master of Public Administration from Nanjing University (南京大學) in December 2007.

Ms. Ma Xiaoling (馬曉玲), aged 50, joined the Group in February 2024 as the head of international department of Oriental Starway Limited, was appointed as an executive Director on 1 November 2024 and was appointed as a member of the nomination committee of the Company on 3 June 2025. She has over 22 years of experience in the areas of property development and investments in the PRC and Hong Kong. Ms. Ma was the chairman of the board of directors of Greater China Financial Holdings Limited (formerly known as Greater China Holdings Limited), a company listed on the Main Board of the Stock Exchange (stock code: 431), from July 2005 to April 2016. She then served as the advisor to the chief executive officer of United Asia Finance Limited from July 2016 to August 2020. Ms. Ma has become the partner of Shenzhen Oriental Fortune Capital Investment Management Co., Limited (深圳市東方富海投資管理股份有限公司) since October 2020. She obtained her Master of Applied Economics from Xi'an Jiaotong University (西安交通大學) in September 2010.

Non-executive Director

Mr. Wang Yan (王昕), aged 42, joined the Group as a non-executive Director on 22 June 2022. Mr. Wang has experiences in the financial industry. Mr. Wang acted as a corporate finance associate at Sun Hung Kai Securities Limited from March 2010 to March 2011 and as the vice president of Hong Kong Primus Capital from March to June 2011. He has been a director of China Sun Finance Company Limited since July 2011. Mr. Wang graduated from the University of California, Santa Barbara with a Bachelor's degree in Science majoring in electrical engineering in June 2007. He also obtained his Master in Business Administration in Finance jointly offered by The Chinese University of Hong Kong and Tsinghua University (清華大學) in November 2011.

Biographical Details of Directors and Senior Management

Independent non-executive Directors

Mr. Cheung Chiu Tung (張照東), aged 52, joined the Group as an independent non-executive Director and the chairman of the remuneration committee of the Company on 9 June 2014. He was appointed as a member of the nomination committee of the Company on 27 December 2021. He is currently an associate professor in the law faculty in Huaqiao University (華僑大學) and has been the legislative consultant of Xiamen Municipal Government (廈門市人民政府) which carries out research on the lawmaking of Xiamen Municipal Government, implements and inspects the responsibility mechanism of administration and law execution as well as the appraisal and examination system since July 2011. He is a deputy director of the All China Lawyers Association Labor and Social Security Law Committee (中華全國律師協會勞動與社會保障法專業委員會) since January 2009. Mr. Cheung obtained his bachelor's degree in law from Xiamen University (廈門大學) in the PRC in 1996, his master's degree in economics and law from Huaqiao University (華僑大學) in the PRC in 1999, his doctorate degree in international economics and law from Xiamen University (廈門大學) in September 2003 and his post-doctoral degree in economics from Fujian Normal University (福建師範大學) in 2009 in the PRC.

Mr. Poon Yick Pang Philip (潘翼鵬), aged 56, joined the Group as an independent non-executive Director, the chairman of the audit committee of the Company, a member of the nomination committee of the Company and a member of the remuneration committee of the Company on 16 August 2016. Mr. Poon has over 30 years of corporate finance and accounting experience. Mr. Poon has been the chief financial officer and company secretary of Tai United Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 718) since September 2021. Mr. Poon was the chief financial officer and company secretary of Li Bao Ge Group Limited (stock code: 1869) from November 2019 to September 2020. He was an independent non-executive director of Trigiant Group Limited (stock code: 1300) from March 2012 to September 2018 and Jiangnan Group Limited (stock code: 1366) from April 2012 to March 2019, both of which are listed on the Main Board of the Stock Exchange. Mr. Poon had served senior financial positions in a number of companies listed in Hong Kong and the United States of America. Mr. Poon obtained a Bachelor of Commerce degree from the University of New South Wales in 1993 and is a holder of a Chartered Financial Analyst charter of the CFA Institute, a Certified Practising Accountant (Australia) and a fellow of the Hong Kong Institute of Certified Public Accountants.

Mr. Ma Yu-heng (馬有恒), aged 56, joined the Group as an independent non-executive Director and a member of the audit committee of the Company on 16 March 2022 and was appointed as a member of the nomination committee of the Company on 3 June 2025. Mr. Ma has experience in financing, banking and corporate finance for over 28 years. Since September 2022, Mr. Ma has been the chief financial officer of Guardforce AI Co., Ltd., a company listed on the NASDAQ in the United States of America (stock code: GFAL). He was an independent non-executive director of China U-Ton Future Space Industrial Group Holdings Ltd. (中國優通未來空間產業集團控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 6168) from 25 May 2022 to 21 April 2023. He was previously an independent non-executive director of Summi (Group) Holdings Limited (森美(集團)控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 756) from September 2022 to July 2024. Mr. Ma is currently a member of CPA Australia. Mr. Ma graduated from Soochow University, Taiwan (台灣東吳大學) in June 1993 with a bachelor's degree in business administration in business mathematics. He also obtained a master's degree in business administration from Da-Yeh University, Chung Hua, Taiwan (台灣大葉大學) in June 1995.

Changes to Directors' information

Save as disclosed herein, all the Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Report of the Directors

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

Business review

A review of the business of the Group during the Year and a discussion on the Group's future business development are set out in the Chairman's Statement on pages 38 to 49 and in the Management Discussion and Analysis on pages 6 to 22 of this annual report.

Principal risks and uncertainties

A number of factors may affect the results and business operations of the Group, some of which are inherent to the fashion business and some are from external factors. Major risks are summarized below.

A. Industrial Products Segment

(i) Single retail sales market

We currently only rely on one market, being the Saudi Arabia retail sales market, and any slowdown of the Saudi Arabia economy may adversely affect the Group's business, result of operations and financial performance.

(ii) Concentration on limited number of customers

As disclosed in the section headed "Management Discussion and Analysis" of this annual report, at the early stage of resumption of operation of this segment, there was only one customer in this segment for the Year. It indicated that we only rely on limited number of customers and any departure of these customers or reduction in their order sizes may adversely affect the business operation and financial performance of the Group.

Nevertheless, the Board has always been endeavouring to diversify its business, both in terms of product types and geographical coverage. The Board considers that there is no serious reliance issue in the overall business of the Group based on the following factors:

- (i) industrial products have never been the only products being sold by the Group, nor do they represent the only business segment of the Group. The Group currently has three business segments, namely, the industrial products segment, the menswear apparel segment and the energy storage battery segment. Although the industrial products segment contributes a major portion of the revenue for the past few years, the revenue contribution from the other business segments represented approximately 21.8% of the total revenue for the Prior Year, when the industrial products segment was under normal operation, and was not insignificant;
- (ii) during the Year, owing to the limited scale of operations in this segment, the number of customers and the percentage of revenue contribution do not carry significant reference value. For the Prior Year, the respective percentage of revenue contribution by each of the five largest customers of the industrial products segment are as follows:

Five largest customers	Revenue contribution to the industrial products segment for the Prior Year
First	31.9%
Second	28.1%
Third	19.0%
Fourth	11.7%
Fifth	7.3%
Total	98.0%

Report of the Directors

Given the above, although the five largest customers of the Group have, in aggregate, contributed 98% of the total revenue of the industrial products segment during the Prior Year, the respective revenue contributions of each of the five largest customers are reasonably diverse and do not concentrate on one single customer. Furthermore, the remaining 2% of the revenue from the industrial products segment for the Prior Year, was mainly contributed by another 5 customers, 2 of which were newly secured by the Group in 2024. Given the aforesaid, there were not less than 10 customers in the industrial products segment, indicating that there is no over-reliance by the Group on one single customer. When the operation further stabilises, the management of the Group expects the number of customers to recover to the levels experienced during the normal operations in previous years.

- (iii) the Group has been endeavouring to diversify the types of products offered. Leveraging on the established business networks in Saudi Arabia and the technical know-how acquired in the sales of auto parts products, and considering the increasing demand of motor vehicles in Saudi Arabia in the past years, the Group considers that there are substantial opportunities in the automotive market in the Middle East and is now actively exploring the sales of second-hand motor vehicles in Saudi Arabia;
- (iv) in addition to Jeddah, the Group is also endeavouring to diversify the geographical coverage of its industrial products and explore new customers in other places in Saudi Arabia, such as Riyadh;
- (v) for the energy storage battery segment, the testing and adjustment of the production facilities were delayed due to the outbreak of COVID-19 and the testing and trial production could only be proceeded in 2023. During the trial production stage, the Group has acquired crucial knowledge, experiences and technical know-how regarding this product, and also recognised its substantial market potentials. The Group is currently in the process of procuring new equipment for the production facilities. It is expected that commercial production will commence in the near future once the new equipment is available. Once commercial production of energy storage battery is commenced, it will become a new major revenue driver for the Group and the percentage of the revenue contribution from the industrial products segment will be further reduced; and
- (vi) the Group is also identifying other business, acquisition and investment opportunities from time to time in order to further diversify its business and is eager to capture the same as and when such opportunities are available.

(iii) Change of customer's habit

As the market trend evolves from time to time, end customers may prefer to shop online through online distribution channel. We do not rely on any online platform as distribution channel to offer our products, and thus we may not be able to attract new distributors when the end customers gradually prefer or opt for online shopping.

(iv) Supply Chain

We purchased our industrial products from suppliers solely in the PRC. The supplies and prices are highly dependent on the relationship with suppliers and the supplies from the PRC market. During the Year, owing to the limited scale of operations in this segment, the number of suppliers and the percentage of purchase amount do not carry significant reference value. For the Prior Year, 90.3% of our products for industry products segment were purchased from our five largest suppliers. Any disruption in the supply from such suppliers may cause our operation problems.

B. Menswear Apparel Segment

(i) Fashion Risk

Fashion trends, consumer demands and preferences in the menswear apparel markets where we operate frequently change and depend on various factors, including, among other things, global fashion and lifestyle trends, consumption patterns, disposable income and other factors that are beyond our control. We believe that our ability to anticipate, identify and respond to those trends in a timely manner is critical to our success. We may fail to accurately anticipate the shifts in customer preference, or fail to timely offer products that meet those changing trends. We cannot assure you that our design and product development will accurately reflect the prevailing fashion trends or customer preferences at any given time, or that the new products we launch will be well received by the market or achieve the expected sales level. If our new products fail to gain market acceptance, our brand image, business, financial condition, results of operations and prospects will be adversely affected.

Report of the Directors

(ii) Intense Competition

We compete not only with local Chinese menswear brands, but also with other international brands. Areas of competition include product designs, product quality, production costs, marketing programs and customer acceptance. If we do not respond timely to our competitors, we may lose our customers and our revenue and profits may be affected.

(iii) Macroeconomic Environment

Macroeconomic changes may affect consumers' behavior. Menswear apparel products are considered as discretionary items for consumers. Slower consumer spending momentum may reduce the demand for our products, leading to lower revenue and margins. It is therefore important that the Group is able to timely and accurately identify any such changes in the economic environment and adjusts its store opening plan, procurement volume and business plan under different market conditions.

(iv) Supply Chain

We engage independent third-party manufacturers to produce all apparel products for us. Any disruption in the supply of products from suppliers may cause problems in our supply chain. We do not have long-term contracts with any of our suppliers and we may need to compete with other companies for products. Nevertheless, we have developed long-standing and good relationships with a number of our vendors so as to minimize the impact from any supply disruptions and to ensure we can locate alternative suppliers of comparable quality at a reasonable price at all times. For the Year, 56.8% (2024: 55.9%) of our products for the menswear apparel segment were produced by our top five suppliers.

(v) Credit Risk of our Distributors

We offer our distributors credit terms ranging from 90 days to 180 days, taking into account their capital, order size, credit history, financial capability, operating scale and relationship with us. We make provisions for bad and doubtful debts based on the aging, payment history and other specific criteria. However, there is no assurance that we will always be able to fully recover our receivables from our distributors, or that they will be settled on a timely basis. In the event that settlements from our distributors are not made in full or on timely basis, our business, financial position, results of operations and prospects may be materially and adversely affected.

(vi) Reputational Risk

Brand image is a key factor for customers when making decisions to purchase menswear apparel products. We sell all of our products under our "FORDOO" brand. We seek to maintain and strengthen our brand identity through multichannel marketing campaign in the PRC. However, our marketing and promotional efforts may not be successful. If we are unable to successfully maintain and promote our brand, our business, financial condition, results of operations and prospects may be materially and adversely affected. In addition, any negative publicity on us could adversely affect our operations and financial results or reduce our market share.

(vii) Weather

Extreme weather conditions in the areas where our distributors, suppliers and customers are located could adversely affect our operating results and financial condition.

C. Energy Storage Battery Segment

(i) Technical Staff

Production of energy storage batteries requires high technical operation skills and experienced staff. Such staff may be difficult to recruit and staff turnover may hamper the operations flow.

(ii) Investment and Research and Development Costs

The set up of the production of energy storage batteries is highly capital intensive and requires the equipment with various patents, intellectual property rights and fixed assets. Any shortage in cashflow to purchase the necessary assets will adversely affect the planned production capacity.

Report of the Directors

(iii) Technological Obsolescence

Technology is changing from time to time. New technology of energy storage equipment or methods would phase out the existing energy storage battery production lines.

Key relationships

(i) Employees

Employees are one of the greatest assets of the Group and the Group regards the personal development of its employees as highly important. The Group aims to continue to be a suitable employer for committed employees. The Group strives to motivate its employees with a clear career path and opportunities for advancement and improvement of their skills.

The Group provides pre-employment and on-the-job training and development opportunities to its employees. The training programs cover areas such as managerial skills, sales and production, quality control, sales fairs planning and training of other areas relevant to the industry.

In addition, the Group offers competitive remuneration packages to its employees. The Group has also adopted share option scheme to recognize and reward the contribution of its employees to the growth and development of the Group.

(ii) Suppliers

We have developed long-standing and good relationships with our suppliers and we take great care to ensure that they can share our commitment to product quality. We carefully select our suppliers and require them to satisfy certain assessment criteria including track record, experience, financial strength, reputation, ability to produce high-quality products and quality control effectiveness.

(iii) Distributors

We sell our products to end customers through third-party distributors. We work with our distributors as business partners and ensure we share the view for upholding our value and customer services, specifically focusing on providing quality products to our end customers. We and our menswear apparel distributors reach an agreement on sales target and store expansion plans before they place their orders. We also monitor the financial condition and repayment history of our distributors.

Environmental policies

We are committed to building an environmentally-friendly corporation that pays close attention to conserving natural resources. We strive to minimize our environmental impact by saving electricity and encouraging recycling of office supplies and other materials. Further details of our environmental policies will be disclosed in the Environmental, Social and Governance Report of the Company.

Principal place of business

The Company was incorporated in the Cayman Islands and is domiciled in Hong Kong and has its principal place of business in Hong Kong at Unit 1703, 17/F, Lyndhurst Tower, 1 Lyndhurst Terrace, Central, Hong Kong. The Group's principal places of business are in the PRC and Saudi Arabia.

Principal activities

The Group is principally engaged in the sales of industrial products to customers located in Saudi Arabia, the sales of menswear apparel and brand licensing in the PRC and sales of energy storage battery in the PRC. The principal activities and other particulars of the subsidiaries are set out in note 37 to the consolidated financial statements.

Major customers and suppliers

During the Year, aggregate sales to the Group's largest and five largest customers accounted for approximately 16.3% (2024: 24.9%) and 53.2% (2024: 76.6%) respectively, of the Group's total revenue.

Report of the Directors

During the Year, aggregate purchases from the Group's largest and five largest suppliers accounted for approximately 31.1% (2024: 45.8%) and 64.8% (2024: 73.9%) respectively, of the Group's total purchases of products.

At no time during the Year had the Directors, their associates or any Shareholder (who or which to the knowledge of the Directors owned more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers.

Five-year financial summary

A summary of the results and of the assets and liabilities of the Group for the latest five financial years is set out on page 130 of this annual report. This summary does not form part of the audited consolidated financial statements.

Financial statements

The loss of the Group for the Year and the state of the Company's and the Group's affairs as at 31 December 2025 are set out in the consolidated financial statements on pages 55 to 129 of the annual report.

Property, plant and equipment

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

Reserves

Details of movements in reserves of the Company and the Group are set out in note 31 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

As at 31 December 2025, no Company's reserves were available for distribution.

Dividend

No interim dividend was paid during the Year. The Directors did not recommend the payment of a final dividend for the Year.

Borrowings

Particulars of borrowings of the Group as at 31 December 2025 are set out in note 22 to the consolidated financial statements.

Non-current assets

Details of acquisitions and other movements of non-current assets (including property, plant and equipment, investment properties and right-of-use assets) are set out in notes 14, 15 and 16 to the consolidated financial statements.

Share capital

Details of movements in the share capital of the Company during the Year are set out in note 31 to the consolidated financial statements.

Sufficiency of public float

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

Pre-emptive rights

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands where the Company is incorporated.

Purchase, sale or redemption of the company's listed securities

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

Report of the Directors

Tax relief and exemption

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

Directors

The Directors during the Year were:

Executive Directors

Mr. Kwok Kin Sun (*Chairman*)

Mr. Kwok Hon Fung (*Chief Executive Officer*)

Mr. Lu Ke

Mr. Duan Huiyuan

Ms. Ma Xiaoling

Non-executive Director

Mr. Wang Yan

Independent Non-Executive Directors

Mr. Cheung Chiu Tung

Mr. Poon Yick Pang Philip

Mr. Ma Yu-heng

Each of the executive Directors, non-executive Director and independent non-executive Directors, has entered into a service contract or letter of appointment with the Company for a term of three years commencing from the Listing Date or their respective date of appointment, subject to his retirement and re-election at annual general meetings in accordance with the Articles. The details of the remuneration of each of the Directors are disclosed in note 10 to the consolidated financial statements.

Details of the Directors' biographies have been set out on pages 36 to 37 of this annual report. In accordance with article 84 of the Articles, Mr. Kwok Hon Fung, Mr. Duan Huiyuan and Mr. Ma Yu-heng will retire from the Board by rotation at the 2026 AGM and, will be eligible to offer themselves for re-election. In addition, pursuant to code provision B.2.3 of the CG Code, if an independent non-executive director serves more than nine years, his or her further appointment should be subject to a separate resolution to be approved by shareholders. Mr. Poon Yick Pang Philip has served as an independent non-executive Director for more than nine years, and therefore a separate resolution will be proposed at the 2026 AGM to further appoint him as an independent non-executive Director.

No Director proposed for re-election at the 2026 AGM has an unexpired service contract with the Group which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

Remuneration policy

The remuneration policy and remuneration packages of the Directors and senior management are reviewed by the remuneration committee of the Company which are detailed in the paragraph headed "Remuneration Committee" under the section headed "Corporate Governance Report" on page 26 of this annual report.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the Year.

Confirmation of independence

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent.

Report of the Directors

Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the company or any associated corporations

As at 31 December 2025, the interests and short positions of each Director 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 SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests and short positions in the Shares, underlying Shares and debentures and associated corporations:

Name	Position	Nature of interest	Number of issued ordinary shares held	Number of underlying shares under share options held ⁽⁴⁾	Total	Approximate percentage of shareholding
Mr. Kwok Kin Sun ⁽¹⁾	Long	Interest in a controlled corporation	23,742,000	–	23,742,000	0.78%
Mr. Kwok Hon Fung ⁽²⁾	Long	Interest in a controlled corporation	189,192,000	–	189,192,000	6.21%
Mr. Lu Ke ^(3,4)	Long	Beneficial owner	103,090,000	10,000,000	113,090,000	3.71%
Mr. Duan Huiyuan ⁽⁴⁾	Long	Beneficial owner	–	37,000,000	37,000,000	1.21%
Ms. Ma Xiaoling ^(4,5)	Long	Beneficial owner and interest of spouse	120,858,000	30,000,000	150,858,000	4.95%

Notes:

- Mr. Kwok Kin Sun, the chairman of the Board and an executive Director, was deemed to be interested in all the Shares held by Everkept Limited (“**Everkept**”) by reason of his 70% interest in the share capital of Everkept.
- Mr. Kwok Hon Fung, an executive Director and the chief executive officer of the Company and the son of Mr. Kwok Kin Sun, was deemed to be interested in all the Shares held by Equal Plus Limited (“**Equal Plus**”) by reason of his 100% interest in the share capital of Equal Plus.

Equal Plus is an associated corporation of the Company pursuant to the SFO. Mr. Kwok Hong Fung, an executive director, in the capacity as a beneficial owner, held the entire issued share capital of Equal Plus (i.e. number of share held: 1).
- Mr. Lu Ke is an executive Director and the general manager of Jiangsu HengAn, an indirect non-wholly owned subsidiary of the Company.
- These are share options granted by the Company under the 2014 Share Option Scheme on 23 January 2024 and the 2025 Share Option Scheme on 25 November 2025. Details of the Share Option Schemes are set out in the section headed “Share option schemes” below.
- Ms. Ma Xiaoling was the beneficial owner of 106,480,000 Shares and is deemed to be interested in all the 14,378,000 Shares, in which her spouse was interested by virtual of the SFO.

Save as disclosed above, as at 31 December 2025, none of the Directors and chief executive of the Company had or were deemed to have any interests or a short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' right to acquire share or debentures

Save as disclosed in the section headed “Share option schemes” below, during the Year, no rights to acquire benefits by means of acquisition of Shares in or debenture of the Company were granted to any Directors or their respective spouse or minor children, or were any such rights excised by them; nor was the Company, or any of its subsidiaries a party to any arrangement which enabled the Directors to acquire such rights in and other body corporate.

Report of the Directors

Substantial shareholders' and other persons' interests and short positions in the shares and underlying shares of the company

As at 31 December 2025, so far as the Directors are aware, having made all reasonable enquiries, the following table sets out interests of 5% or more of the issued share capital of the Company (other than the interests of the Directors and chief executive as disclosed above) as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Name	Position	Nature of interest	Number of Shares	Approximate percentage of shareholding
Ms. Wang Xiu Hua ⁽¹⁾	Long	Beneficial owner	568,440,000	18.66%
Equal Plus	Long	Beneficial owner	189,192,000	6.21%
Mr. Zhou Jun ⁽²⁾	Long	Beneficial owner and interest of spouse	160,399,000	5.26%

Notes:

- (1) Ms. Wang Xiu Hua is the mother of Mr. Wang Yan, a non-executive Director.
- (2) Mr. Zhou Jun was the beneficial owner of 110,181,000 Shares and was deemed to be interested in all the 50,218,000 Shares, in which his spouse, Ms. Xu Tingting, was interested by virtual of the SFO.

Save as disclosed above, as at 31 December 2025, the Company was not aware of any person or corporation having an interest or a short position in the Shares and underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO.

Change of directors

Details in relation to the change of directors during the Year are set out in the section headed "Corporate Governance Report" in this annual report.

Connected transactions

Save as otherwise disclosed in this annual report, the Group had not entered into any connected transaction during the Year that was not fully exempted under Chapter 14A of the Listing Rules. The material related party transactions entered into by the Group during the Year, as disclosed in note 34 to the consolidated financial statements (except for the remuneration of the Directors) did not constitute connected transactions under the Listing Rules.

Directors' interests in contracts

Save as disclosed in note 34 to the consolidated financial statements, there was no contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director had a material interest, subsisted for the Year.

Report of the Directors

Transactions, arrangement or contracts of significance

During the Year, save as disclosed in note 34 to the consolidated financial statements, there had been no transaction, arrangement or contract of significance in which a Director or a controlling shareholder (or an entity connected with a Director or a controlling shareholder) is or was materially interested, either directly or indirectly.

Competing business

None of the Directors had any interest in any competing business with the Company or any of its subsidiaries during the Year. The independent non-executive Directors had reviewed the status of compliance and enforcement of the non-compete undertaking and confirmed that all the undertakings thereunder had been complied with throughout the Year.

Share option schemes

A share option scheme (the “**2014 Share Option Scheme**”) was adopted by the Company on 9 June 2014 and was valid and effective for a period of 10 years from the date of adoption. It has expired on 8 June 2024. Upon expiry of the 2014 Share Option Scheme, no further share options may be granted thereunder but the provisions of the 2014 Share Option Scheme shall remain in full force and effect. Therefore, the expiry of the 2014 Share Option Scheme will not in any event affect the terms of the grant of such outstanding share options, if any, that have already been granted under the 2014 Share Option Scheme and outstanding share options granted under the 2014 Share Option Scheme shall continue to be subject to the provisions of the 2014 Share Option Scheme.

The Company adopted a share option scheme (the “**2025 Share Option Scheme**”) on 23 October 2025 for the purpose of rewarding certain Eligible Persons (as defined below) for their past contributions and attracting and retaining, or otherwise maintaining on-going relationships with, such Eligible Persons (as defined below) who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group. The 2025 Share Option Scheme is valid and effective for a period of 10 years from 23 October 2025.

Subject to the restrictions under the Listing Rules, eligible participants of the 2025 Share Option Scheme include, the directors and employees of the Company or any of its subsidiaries (including persons who are granted Share Options under the 2025 Share Option Scheme as an inducement to enter into employment contracts with these companies) (the “**Eligible Person(s)**”).

The maximum number of Shares which may be issued upon exercise of all options to be granted under the 2025 Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the Shares in issue as at the date of the extraordinary general meeting of the Company in which the 2025 Share Option Scheme was approved by the Shareholders, i.e. 304,696,300 Shares. Subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

- (i) refresh this limit at any time to 10% of the Shares in issue as at the date of the approval by the Shareholders in general meeting; and/or
- (ii) grant options beyond the 10% limit to eligible participants specifically identified by the Board.

The maximum number of Shares issued and to be issued upon the exercise of options granted under the 2025 Share Option Scheme (including exercised or outstanding options) to each grantee within any 12-month period, is limited to 1% of the Shares in issue at any time. Any further grant of options in excess of this 1% limit shall be subject to: (i) the issue of a circular by the Company; and (ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time.

Report of the Directors

Share options granted to a Director or chief executive of the Company, are subject to approval in advance by the independent non-executive Directors. In addition, any share options granted to an independent non-executive Director, in excess of 0.1% of the Shares in issue at any time within any 12-month period, are subject to Shareholders' approval in advance in a general meeting.

The Board shall not offer the grant of any option to any Eligible Person after inside information has come to its knowledge until it has announced the information pursuant to the requirements of the Listing Rules. In particular, no option shall be granted during the period commencing one month immediately preceding the earlier of the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and the deadline for the Company to publish an announcement of its results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcements provided that no option may be granted during any period of delay in publishing a results announcement.

Subject to the requirements under the Listing Rules, the exercise period of the share options granted is determinable by the Directors, which period may commence from the date of the offer of the share options, and end on a date which is not later than ten years from the date of grant of the share options subject to the provisions for early termination thereof. There is no minimum period for which an option must be held before it can be exercised. Participants of the Share Option Scheme are required to pay the Company HK\$1 upon acceptance of the grant within 30 days after the offer date.

The exercise price of the share options is determinable by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as quoted on the Stock Exchange's daily quotations sheet on the date of the offer for the grant, which must be a business day; (ii) the average closing price of the Shares as quoted on the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of offer; and (iii) the nominal value of a Share.

On 7 October 2015, the Company granted options to subscribe for an aggregate of 3,300,000 ordinary shares of HK\$0.01 each in the share capital of the Company to eligible persons of the Group under the 2014 Share Option Scheme at an exercise price of HK\$3.56 per Share. The closing prices of the Shares immediately before the date on which the options were granted was HK\$3.54. The offers were accepted by the grantees within 30 days after the offer date. As a result of the share subdivision effected on 17 October 2019, the exercise prices were adjusted to HK\$0.89.

On 23 January 2024, the Company granted options to subscribe for an aggregate of 170,000,000 ordinary Shares of HK\$0.0025 each in the share capital of the Company to eligible persons of the Group under the 2014 Share Option Scheme at an exercise price of HK\$0.91 per Share. The closing price of the Shares immediately before the date on which the options were granted was HK\$0.89. For the details of the grant of Share Options, please refer to the announcement of the Company dated 23 January 2024.

As at 1 January 2024 and 31 December 2024, the number of options available for grant under the 2014 Share Option Scheme was 178,800,000 and nil respectively.

On 25 November 2025, the Company granted options to subscribe for an aggregate of 304,690,000 ordinary Shares of HK\$0.0025 each in the share capital of the Company to eligible persons of the Group under the 2025 Share Option Scheme at an exercise price of HK\$0.61 per Share. The closing price of the Shares immediately before the date on which the options were granted was HK\$0.60. For the details of the grant of Share Options, please refer to the announcements of the Company dated 25 November 2025 and 1 December 2025.

As at 31 December 2025, the number of options available for grant under the 2025 Share Option Scheme was 6,300.

Report of the Directors

Details of movements of the share options during the Year are set out below:

Category	Date of grant	Exercise price (HK\$)	Exercisable period	As at 1 January 2025	Number of Share Options				As at 31 December 2025
					Granted	Exercised	Cancelled	Lapsed	
2014 Share Option Scheme									
Directors									
Mr. Duan Huiyuan	23 January 2024	0.91	23 January 2025 to 22 January 2029	15,000,000	-	-	-	-	15,000,000
Mr. Lu Ke	23 January 2024	0.91	23 January 2025 to 22 January 2029	10,000,000	-	-	-	-	10,000,000
Employee									
Other 13 employees of the Group	23 January 2024	0.91	23 January 2025 to 22 January 2029	132,000,000	-	-	-	(66,000,000)	66,000,000
Total				157,000,000	-	-	-	(66,000,000)	91,000,000
2025 Share Option Scheme									
Directors									
Mr. Duan Huiyuan	25 November 2025	0.61	25 November 2026 to 24 November 2035	-	22,000,000	-	-	-	22,000,000
Ms. Ma Xiaoling	25 November 2025	0.61	25 November 2026 to 24 November 2035	-	30,000,000	-	-	-	30,000,000
Employee									
Other 15 employees of the Group	25 November 2025	0.61	25 November 2026 to 24 November 2035	-	252,690,000	-	-	-	252,690,000
Total				-	304,690,000	-	-	-	304,690,000

The number of Shares that may be issued in respect of options granted under all share schemes of the Company during the Year divided by the weighted average number of Shares in issue for the Year (i.e. 3,044,841,000 Shares) was 13.00%. Save for the 2014 Share Option Scheme and 2025 Share Option Scheme, the Company has not adopted any other share scheme.

Retirement schemes

The Group participates in defined contribution retirement benefit schemes organised by the PRC municipal and provincial government authorities for the Group's eligible employees in the PRC, and operates a Mandatory Provident Fund scheme for the employees in Hong Kong. Particulars of these retirement plans are set out in note 29 to the consolidated financial statements.

During the Year, the Group had no forfeited contributions under its retirement benefit scheme which may be used to reduce the existing level of contributions.

Report of the Directors

Updates on compliance and regulatory matters

The Group's operations are mainly carried out by the Company's subsidiaries in the mainland China and Hong Kong while the Company itself is listed on the Stock Exchange. Our establishment and operations accordingly shall comply with relevant laws and regulations in the mainland China and Hong Kong. During the Year and up to the date of this annual report, we have complied with all the relevant laws and regulations in the mainland China and Hong Kong, including those governing labor and safety and emissions control, in all material respects. Our Directors are not aware of any legal, arbitration or administrative proceedings against the Company that will have a material adverse effect on our business, financial condition or results of operations.

Important events after the reporting period

Issue of 524,431,000 New Shares under General Mandate

On 12 December 2025, the Company entered into 31 subscription agreements with 31 subscribers, pursuant to which the subscribers had agreed to subscribe for 524,431,000 new ordinary Shares in aggregate at the subscription price of HK\$0.55 per subscription Share. The subscriptions were completed and 524,431,000 new Shares in aggregate were allotted and issued to the subscribers under General Mandate on 6 January 2026. Details of the subscriptions are set out in the paragraphs headed "Subscriptions of 524,431,000 Shares" under the section headed "Issue of New Shares Under General Mandate" on page 19 of this annual report.

Acquisition of the 100% Equity Interest in Wuzhong Ruichu Technology Co., Ltd.* (吳忠市瑞儲科技有限公司) (the "Target Company") (the "Acquisition")

On 26 January 2026, the Company entered into the equity transfer agreement with Ningxia Jin Xin Sheng Hui Energy Technology Co., Ltd.* (寧夏晉欣勝輝能源科技有限公司) (the "**Vendor**"), the Target Company and Gansu Qingning Hesheng New Energy Technology Co., Ltd.* (甘肅慶寧禾生新能源科技有限責任公司) and Mr. Wang Tuanwei* (王團維) (together, the "**Guarantors**"), pursuant to which the Vendor agreed to sell, and the Company agreed to acquire the entire registered and paid-up capital of the Target Company (the "**Equity Interest**"), at the consideration of RMB64,000,000 (equivalent to approximately HK\$71,680,000) (subject to downward adjustments).

The Target Company is wholly-owned by the Vendor. The Target Company is principally engaged in the operation of an electrochemical energy storage power station project located in Tongxin County under the administration of the Wuzhong City in the central part of the Ningxia Hui Autonomous Region, the PRC. To the best of the knowledge, information and belief of the Directors after making all reasonable enquiries, the Vendor, the Guarantors and their respective ultimate beneficial owners were independent third parties (as defined in the Listing Rules) of the Company and its connected persons.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition are more than 5% but all are less than 25%, the Acquisition constituted a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Acquisition has not been completed as at the date of this annual report. Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial statements of the Company.

For details of the Acquisition, please refer to the announcement of the Company dated 26 January 2026.

Save as otherwise disclosed in this annual report, no important events affecting the Company have occurred since 31 December 2025 and up to the date of this annual report.

Auditor

The consolidated financial statements for the Year have been audited by Suya WWC CPA Limited, who shall retire and, being eligible, offer themselves for re-appointment at the 2026 AGM. A resolution for the re-appointment of Suya WWC CPA Limited as auditor of the Company is to be proposed at the 2026 AGM.

On behalf of the Board

Kwok Kin Sun
Chairman

Hong Kong
30 March 2026

Independent Auditor's Report

To the shareholders of China Anchu Energy Storage Group Limited

(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of China Anchu Energy Storage Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 55 to 129, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory 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 International Financial Reporting Standards (“**IFRS Accounting Standards**”) issued by the International Accounting Standards Board (“**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) as issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section to 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.

Material uncertainty related to going concern

We draw attention to note 1 to the consolidated financial statements. As at 31 December 2025, the Group had net current liabilities of approximately RMB328,182,000. As stated in note 1, these conditions indicate that material uncertainty exists that cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon evaluated outcome and the results of various financial plans and measures implemented by the Group. Our opinion is not modified in respect of this matter.

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 year. 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. In addition to the matter described in the “Material uncertainty related to going concern” section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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 matter

How the matter was addressed in our audit

Provision for expected credit loss for trade receivables

As at 31 December 2025, the Group had trade receivables of approximately RMB187,173,000 represented approximately 14% of total assets of the Group with allowance for expected credit loss ("ECL") of approximately RMB196,539,000 had been provided in statement of profit or loss for the year ended 31 December 2025.

The measurement of impairment losses of these receivables under IFRS 9 requires judgement, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, such as risk of default, loss given default, changes in which can result in different levels of allowances.

The Group's ECL calculations on trade receivables are based on assumptions about risk of default and loss given default. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculations, based on credit risk of the debtors or comparable companies in the market, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group has engaged an external valuer to assist management in determining the ECL for trade receivables at the end of the reporting period.

We had identified impairment loss under ECL model for trade receivables as a key audit matter because the assessment of the recoverability of trade receivables and recognition of loss allowance under ECL model are inherently subjective and require significant management judgement.

Related disclosures are included in notes 3, 4, 19 and 32(b)(i) to the consolidated financial statements.

Our major audit procedures relating to the provision for the ECL for trade receivables included the following:

- Understood the design and implementation of the relevant key controls over the assessment and monitoring of credit risk, and determination of allowance for expected credit losses;
- Evaluated the objectivity, independent and competence of the external valuer engaged by the management of the Group;
- Obtained and understood the valuation methodologies and the processes performed by the management and the external valuer with respect to the valuation of ECL assessment;
- Discussed with management and independent external valuer engaged by the Company in relation to the methodology, basis and assumptions used to see whether the methodology, basis and assumptions, including both historical and forward-looking information used to determine the ECL, were reasonable and appropriate;
- Tested the integrity of information used by the management to estimate the ECL provision for trade receivables, including the aging analysis, on a sample basis, to the service documents, including invoices and debit notes; and
- Assessed the adequacy of the disclosures of the recoverability of trade receivables in the consolidated financial statements.

Independent Auditor's Report

Key audit matter

How the matter was addressed in our audit

Valuation of investment properties

As at 31 December 2025, the Group held investment properties with a carrying amount of RMB362,000,000 represented approximately 28% of the total assets of the Group.

The Group has engaged an external valuer to assist management in determining the fair value of the investment properties at the end of the reporting period.

We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the judgments associated with determining the fair value for assessment of any impairment loss for the investment properties as at 31 December 2025. The determination of valuation models adopted also involved significant judgements. During the year ended 31 December 2025, impairment loss of approximately RMB29,469,000 has been provided in statement of profit or loss.

Related disclosures are included in notes 3, 4 and 15 to the consolidated financial statements.

Our procedures in relation to assessing the appropriateness of the valuation of the investment properties included:

- Evaluated the objectivity, independence and competence of the external valuer engaged by the management of the Group;
- Obtained and understood the valuation methodologies and the processes performed by the management and the external valuer with respect to the valuation of investment properties;
- Assessed the integrity of information provided by the management to the external valuer by comparing details of rental to the respective underlying existing lease agreements and the market values of comparable properties adopted by the external valuer and the management's process for reviewing the work of the external valuer;
- Evaluated the reasonableness of significant inputs, including comparable available market data, to the valuation used; and
- Assessed the adequacy of the disclosures of the valuation of the investment properties in the consolidated financial statements.

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 directors and the audit committee for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by the IASB 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 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

Independent Auditor's Report

As part of an audit in accordance with HKSA's, 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.
- 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 year 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 the independent auditor's report is Mr. Chung King Ho.

Suya WWC CPA Limited
Certified Public Accountants

CHUNG KING HO
Practising Certificate number P06894
Hong Kong
30 March 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2025
(Expressed in Renminbi)

	Notes	2025 RMB'000	2024 RMB'000
Revenue	6	88,533	467,010
Cost of sales		(68,465)	(361,319)
Gross profit		20,068	105,691
Other income and other gains or losses	7	25,790	20,805
Impairment loss of investment properties	15	(29,469)	(11,004)
Impairment loss of right-of-use assets	16	–	(14,238)
Impairment loss of property, plant and equipment	14	(5,547)	–
Fair value change on financial liabilities at fair value through profit or loss (“FVTPL”)	28	(8,151)	–
Provision for expected credit losses (“ECL”), net of reversal		(202,742)	(211,311)
Selling and distribution expenses		(4,548)	(25,493)
Administrative and other operating expenses		(108,040)	(156,973)
Loss from operations		(312,639)	(292,523)
Finance costs	8(a)	(25,237)	(24,535)
Loss before tax	8	(337,876)	(317,058)
Income tax credit/(expense)	9	11,085	(44,072)
Loss for the year		(326,791)	(361,130)
Loss for the year attributable to:			
Equity owners of the Company		(294,730)	(351,045)
Non-controlling interests		(32,061)	(10,085)
		(326,791)	(361,130)
Other comprehensive (loss)/income for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of the Group entities		(6,113)	977
Other comprehensive (loss)/income for the year		(6,113)	977
Total comprehensive loss for the year		(332,904)	(360,153)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2025
(Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
Total comprehensive loss attributable to:			
Equity owners of the Company		(300,214)	(349,273)
Non-controlling interests		(32,690)	(10,880)
		(332,904)	(360,153)
Loss per share attributable to equity owners of the Company (RMB cents)	12		
Basic and diluted		(9.68)	(12.52)

Consolidated Statement of Financial Position

31 December 2025
(Expressed in Renminbi)

	Notes	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	14	21,010	18,748
Investment properties	15	362,000	355,901
Right-of-use assets	16	194,536	198,646
Intangible assets	17	31,042	35,681
Prepayment for acquisition of property, plant and equipment	19	19,327	54,614
Deferred tax assets	24(a)	93,879	77,137
		721,794	740,727
Current assets			
Inventories	18	33,258	30,578
Trade and other receivables	19	389,644	592,082
Cash and cash equivalents	20	157,066	45,978
		579,968	668,638
Current liabilities			
Trade and other payables	21	395,286	419,244
Bank and other borrowings	22	388,420	396,000
Lease liabilities	23	3,366	1,482
Convertible bond	26	–	3,116
Corporate bonds	25	19,266	3,878
Loans from a shareholder	27	56,346	60,346
Tax payable		45,466	38,736
		908,150	922,802
Net current liabilities		(328,182)	(254,164)
Total assets less current liabilities		393,612	486,563

Consolidated Statement of Financial Position

31 December 2025
(Expressed in Renminbi)

	Notes	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Bank and other borrowings	22	9,950	29,990
Loans from a shareholder	27	15,000	–
Deferred tax liabilities	24(a)	37,740	37,740
Lease liabilities	23	1,220	528
Corporate bonds	25	8,403	23,520
Financial liabilities at FVTPL	28	30,031	–
		102,344	91,778
Net assets			
		291,268	394,785
Capital and reserves			
Equity attributable to equity owners of the Company			
Share capital	31(a)	6,321	6,183
Reserves		314,497	385,462
		320,818	391,645
Non-controlling interests		(29,550)	3,140
		291,268	394,785

The consolidated financial statements on pages 55 to 129 were approved and authorised for issue by the board of directors on 30 March 2026 and are signed on its behalf by:

Kwok Kin Sun
Chairman

Kwok Hon Fung
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2025
(Expressed in Renminbi)

	Attributable to equity owners of the Company												Total equity
	Share capital	Share premium*	Statutory reserve*	Capital reserve*	Special reserve*	Other reserve*	Convertible board reserve*	Exchange reserve*	Share-based payment reserve*	Accumulated losses*	Sub-total	Non-controlling interests	
	Note 31(b)(i)	Note 31(b)(i)	Note 31(b)(ii)	Note 31(b)(iii)	Note 31(iv)	Note 31(b)(v)	Note 31(b)(vi)	Note 31(b)(vii)	Note 31(b)(viii)				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
As at 1 January 2024	5,629	532,798	128,898	39,023	-	-	793	(3,891)	-	(84,966)	618,284	68,136	686,420
Loss for the year	-	-	-	-	-	-	-	-	-	(351,045)	(351,045)	(10,085)	(361,130)
Other comprehensive income/(loss) for the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	1,772	-	-	1,772	(795)	977
Total comprehensive income/(loss)	-	-	-	-	-	-	-	1,772	-	(351,045)	(349,273)	(10,880)	(360,153)
Issuance of shares (note 31(a))	96	19,043	-	-	-	-	-	-	-	-	19,139	-	19,139
Equity-settled share-based payments	-	-	-	-	-	-	-	-	49,379	-	49,379	-	49,379
Acquisition of non-controlling interests	458	47,196	-	-	-	6,462	-	-	-	-	54,116	(54,116)	-
Lapse of share options	-	-	-	-	-	-	-	-	(3,653)	3,653	-	-	-
As at 31 December 2024	6,183	599,037	128,898	39,023	-	6,462	793	(2,119)	45,726	(432,358)	391,645	3,140	394,785
As at 1 January 2025	6,183	599,037	128,898	39,023	-	6,462	793	(2,119)	45,726	(432,358)	391,645	3,140	394,785
Loss for the year	-	-	-	-	-	-	-	-	-	(294,730)	(294,730)	(32,061)	(326,791)
Other comprehensive loss for the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(5,484)	-	-	(5,484)	(629)	(6,113)
Total comprehensive loss	-	-	-	-	-	-	-	(5,484)	-	(294,730)	(300,214)	(32,690)	(332,904)
Issuance of shares (note 31(a))	138	27,360	-	-	-	-	-	-	-	-	27,498	-	27,498
Share subscriptions	-	-	-	-	186,107	-	-	-	-	-	186,107	-	186,107
Equity-settled share-based payments	-	-	-	-	-	-	-	-	9,662	-	9,662	-	9,662
Changes in ownership interest in subsidiaries without losing of control	-	-	-	-	-	6,120	-	-	-	-	6,120	-	6,120
Redemption of convertible bond	-	-	-	-	-	-	(793)	-	-	793	-	-	-
Lapse of share options	-	-	-	-	-	-	-	-	(19,361)	19,361	-	-	-
As at 31 December 2025	6,321	626,397	128,898	39,023	186,107	12,582	-	(7,603)	36,027	(706,934)	320,818	(29,550)	291,268

* These reserve accounts comprise the consolidated reserves of RMB314,497,000 (2024: RMB385,462,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2025
(Expressed in Renminbi)

	Notes	2025 RMB'000	2024 RMB'000
Operating activities			
Cash used in operations	20(b)	(66,377)	(29,192)
Income tax paid		(37)	(6,385)
Net cash used in operating activities		(66,414)	(35,577)
Investing activities			
Payment for the purchase of property, plant and equipment		(2,392)	(26,854)
Payment for construction in progress classified under investment properties		(3,933)	(9,908)
Proceeds from disposal of property, plant and equipment		523	790
Payment for the purchase of intangible assets		–	(162)
Interest received		413	1,334
Net cash used in investing activities		(5,389)	(34,800)
Financing activities			
Proceeds from bank and other borrowings		415,000	382,000
Repayment of bank and other borrowings		(442,620)	(338,010)
Interest paid		(23,079)	(22,289)
Proceeds from financial liabilities at FVTPL		28,000	–
Redemption of convertible bonds		(3,135)	–
Proceeds from loans from a shareholder		11,000	23,602
Repayment of corporate bonds		(1,144)	(10,217)
Capital elements to lease liabilities		(3,573)	(4,299)
Proceeds from issuance of shares		27,498	19,139
Proceeds from share subscription		186,107	–
Net cash generated from financing activities		194,054	49,926
Net increase/(decrease) in cash and cash equivalents		122,251	(20,451)
Cash and cash equivalents at 1 January		45,978	70,319
Effect of changes in foreign currency exchange rates		(11,163)	(3,890)
Cash and cash equivalents at 31 December		157,066	45,978

Notes to the Consolidated Financial Statements

31 December 2025

(Expressed in Renminbi unless otherwise indicated)

1 Corporate and Group Information

China Anchu Energy Storage Group Limited (the “**Company**”) was incorporated in the Cayman Islands on 23 December 2013 as an exempted company with limited liability under the Company Law, Cap 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The principal activity of the Company is investment holding. The subsidiaries of the Company are principally engaged in the sales of industrial products to customers located in Saudi Arabia, the sales of menswear apparel and brand licensing and sales of energy storage battery in the People’s Republic of China (the “**PRC**”) during the Year.

In preparing these consolidated financial statements, the Directors have considered the future liquidity of the Group. As at 31 December 2025, the Group has net current liabilities of approximately RMB328,182,000 and loss for the year ended 31 December 2025 was approximately RMB326,791,000.

Notwithstanding the aforesaid conditions, these consolidated financial statements have been prepared on a going concern basis on the assumption that the Group will be able to operate as a going concern for the foreseeable future. The Directors have prepared the Group’s cash flow projections for the period of not less than 12 months from the date of approval of the consolidated financial statements after taking into consideration of the following measures and arrangements made subsequent to the reporting date:

- (i) The Group has obtained certain banking facilities with banks of maximum credit amounts of RMB487,800,000 by securing certain assets of the Group and financial guarantee from the shareholders of the Company. As at 31 December 2025, the unutilised facilities amount in respect of bank borrowings was approximately RMB94,430,000.
- (ii) The Group obtained a financial support from a shareholder of the Company for not demanding repayment of approximately RMB56,000,000 of loans from a shareholder as at 31 December 2025 for a period of at least 12 months from the date of approval of the consolidated financial statements.
- (iii) As at 31 December 2025, the Group has bank borrowings of RMB398,370,000 and among which bank borrowings of RMB352,970,000 (the “**Secured Bank Borrowings**”) were secured by the Group’s non-current assets including property, plant and equipment, intangible assets, investment properties and right-of-use assets (the “**Pledged Non-current Assets**”) with an aggregate carrying value of approximately RMB571,627,000 as at 31 December 2025. In the opinion of the Directors, should the Group failed to settle the Secured Bank Borrowings when they fall due, after considering that the carrying value of the Pledged Non-current Assets were sufficient to cover the carrying value of the Secured Bank Borrowings by realisation of those assets by the Group or the banks, it will result in net current assets.

On the basis of the foregoing, and after assessing the Group’s current and forecasted cash positions, the Directors are satisfied that the Group will be able to meet in full the Group’s financial obligations as they fall due for the period of 12 months from the date of approval of the consolidated financial statements. Accordingly, the consolidated financial statements of the Group have been prepared on the going concern basis.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group’s assets to their recoverable amounts, providing for provisions that may be further incurred, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

Notes to the Consolidated Financial Statements

31 December 2025

(Expressed in Renminbi unless otherwise indicated)

2 Application of new and amendments to International Financial Reporting Standards (“IFRS Accounting Standards”)

2.1 Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB for the first time, which are mandatorily effective for the Group’s financial year ended 31 December 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability
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The application of the amendments to IFRS Accounting Standards in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.2 New and amendments to IFRSs in issue but not yet effective

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

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

¹ No mandatory effective date yet determined by available for adoption.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to IFRS Accounting Standards mentioned below, the Directors anticipate that the application of all other amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

Notes to the Consolidated Financial Statements

31 December 2025

(Expressed in Renminbi unless otherwise indicated)

2 Application of new and amendments to International Financial Reporting Standards (“IFRS Accounting Standards”) (Continued)

2.2 New and amendments to IFRSs in issue but not yet effective (Continued)

IFRS 18 Presentation and Disclosure in Financial Statement (“IFRS 18”)

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 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 IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRSs. IFRS 18 and the consequential amendments to other IFRSs 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 IFRS 18 on the presentation and disclosure of the Group’s financial statements.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of HKFRS 18 is expected to affect the presentation of the consolidated statement of profit or loss and disclosures in the future consolidated financial statements but is not expected to have material impact on the Group’s consolidated financial positions and performance. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group’s consolidated financial statements.

Amendment to IFRS Accounting Standards

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

- **IFRS 7 *Financial Instruments: Disclosures*:** The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 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 IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 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.
- **IFRS 9 *Financial Instruments*:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 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.

Notes to the Consolidated Financial Statements

31 December 2025

(Expressed in Renminbi unless otherwise indicated)

2 Application of new and amendments to International Financial Reporting Standards (“IFRS Accounting Standards”) (Continued)

2.2 New and amendments to IFRSs in issue but not yet effective (Continued)

IFRS 18 Presentation and Disclosure in Financial Statement (“IFRS 18”) (Continued)

Amendment to IFRS Accounting Standards (Continued)

- *IFRS 10 Consolidated Financial Statements:* The amendments clarify that the relationship described in paragraph B74 of IFRS 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 IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group’s financial statements.
- *IAS 7 Statement of Cash Flows:* The amendments replace the term “cost method” with “at cost” in paragraph 37 of IAS 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.

Amendments to IFRS 9 and IFRS 7 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.

Notes to the Consolidated Financial Statements

31 December 2025

(Expressed in Renminbi unless otherwise indicated)

3 Material accounting policies

Basis of preparation

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, which includes all applicable individual IFRS, IAS and Interpretations issued by IASB and the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong. The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period. These consolidated financial statements are presented in Renminbi (“RMB”) rounded to the nearest thousands, except when otherwise indicated. The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries 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:

- (1) the contractual arrangement with the other vote holders of the investee;
- (2) rights arising from other contractual arrangements; and
- (3) 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.

All intragroup 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.

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

Notes to the Consolidated Financial Statements

31 December 2025

(Expressed in Renminbi unless otherwise indicated)

3 Material accounting policies (Continued)

Fair value measurement

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.

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.

Notes to the Consolidated Financial Statements

31 December 2025

(Expressed in Renminbi unless otherwise indicated)

3 Material accounting policies (Continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial 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.

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.

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 statement of profit or loss in the period in which it arises.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than freehold lands and properties under construction as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. 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.

Freehold lands are not depreciated and are measured at cost less subsequent accumulated impairment losses.

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

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.

Notes to the Consolidated Financial Statements

31 December 2025

(Expressed in Renminbi unless otherwise indicated)

3 Material accounting policies (Continued)

Property, plant and equipment (Continued)

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method as follows:

- Buildings held for own use which are situated on leasehold land are depreciated over the shorter of the unexpired term of the lease and their estimated useful lives, being no more than 30 years after the date of completion.
- Plant and machinery 10 years
- Motor vehicles 5 years
- Furniture, fixtures and equipment 5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Constructions in progress

Buildings in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management including cost of testing whether the related assets is functioning property. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Investment properties

Investment properties are property owned or held under a leasehold interest to earn rental income and/or for capital appreciation. Investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is recognised in consolidated statement of profit or loss on a straight-line basis over the shorter of the unexpired term of lease and its estimated useful life, being no more than 30 years after the date of completion.

Lease

Definition of 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.

For contracts entered into or modified on or after the date of initial application, of IFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

Notes to the Consolidated Financial Statements

31 December 2025

(Expressed in Renminbi unless otherwise indicated)

3 Material accounting policies (Continued)

Lease (Continued)

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases of leasehold properties that have a lease term of 12 months or less from the commencement date and do not contain a purchase option.

Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of cost to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The right-of-use asset is presented as a separate line in the consolidated statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed lease payments (including in-substance fixed payments).

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

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

Notes to the Consolidated Financial Statements

31 December 2025

(Expressed in Renminbi unless otherwise indicated)

3 Material accounting policies (Continued)

Lease (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

The Group as a lessor

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

Refundable rental deposits received are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

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

Intangible assets

Intangible assets acquired separately

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

The ERP system is amortised from the date it is available for use and its estimated useful life is 10 years.

The patent is amortised from the date it is available for use and its estimated useful life is 10-20 years.

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(Expressed in Renminbi unless otherwise indicated)

3 Material accounting policies (Continued)

Credit losses and impairment of assets

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade other receivables and cash and cash equivalents which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

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

Measurement of ECLs

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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(Expressed in Renminbi unless otherwise indicated)

3 Material accounting policies (Continued)

Credit losses and impairment of assets (Continued)

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

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- failure to make payments of principal or interest on their contractually due dates;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost of the financial asset.

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(Expressed in Renminbi unless otherwise indicated)

3 Material accounting policies (Continued)

Credit losses and impairment of assets (Continued)

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

Credit-impaired financial assets

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

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

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost necessary to make the sale includes incremental cost directly attributable to the sale and non-incremental cost which the Group must incur to make the sales.

When inventories are sold, the carrying amount of those inventories is recognised as cost of sales in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period when the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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(Expressed in Renminbi unless otherwise indicated)

3 Material accounting policies (Continued)

Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

Employee benefits

(i) Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans including the LSP under the Hong Kong Employment Ordinance and others to specify, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. In determining the present value of the Group's defined benefit obligations and the related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than earlier years, the Group attributes the benefit on a straight-line basis from:

- (a) the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) until
- (b) the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

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(Expressed in Renminbi unless otherwise indicated)

3 Material accounting policies (Continued)

Employee benefits (Continued)

(i) Retirement benefit costs (Continued)

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment or curtailment and a gain or loss on settlement is recognised when settlement occurs. When determining past service cost, or a gain or loss on settlement, an entity shall remeasure the net defined benefit liability or asset using the current fair value of plan assets and current actuarial assumptions, reflecting the benefits offered under the plan and the plan assets before and after the plan amendment, curtailment or settlement, without considering the effect of asset ceiling (i.e. the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan).

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. However, if the Group remeasures the net defined benefit liability or asset before plan amendment, curtailment or settlement, the Group determines net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement and the discount rate used to remeasure such net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period resulting from contributions or benefit payments.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

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(Expressed in Renminbi unless otherwise indicated)

3 Material accounting policies (Continued)

Employee benefits (Continued)

(i) Retirement benefit costs (Continued)

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (for example contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability or asset.
- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the Group reduces service cost by attributing the contributions to periods of service using the attribution method required by HKAS 19 paragraph 70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the Group reduces service cost in the period in which the related service is rendered/reduces service cost by attributing contributions to the employees' periods of service in accordance with HKAS 19 paragraph 70.

(ii) Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

(iii) Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS Accounting Standards requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another IFRS requires or permits their inclusion in the cost of an asset.

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(Expressed in Renminbi unless otherwise indicated)

3 Material accounting policies (Continued)

Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

All deferred tax liabilities and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

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(Expressed in Renminbi unless otherwise indicated)

3 Material accounting policies (Continued)

Provisions

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a present obligation (legal or constructive) arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

Revenue recognition

Revenue from contracts with customers within IFRS 15

The Group adopts a 5-step approach to revenue recognition:

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

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

- (a) a good or service (or a bundle of goods or services) that is distinct; or
- (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

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3 Material accounting policies (Continued)

Revenue recognition (Continued)

Identification of performance obligations (Continued)

A good or service that is promised to a customer is distinct if both of the following criteria are met:

- (a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and
- (b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Foreign currencies

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("**functional currency**"). The functional currency of the Company and its subsidiaries outside the PRC is Hong Kong Dollars ("**HKD**") and United State Dollars ("**USD**") and the functional currency of the subsidiaries in the PRC is RMB.

The consolidated financial statements are presented in RMB since most of the companies comprising the Group are operating in RMB environment and the functional currency of most of the companies comprising the Group is RMB.

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

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(Expressed in Renminbi unless otherwise indicated)

3 Material accounting policies (Continued)

Foreign currencies (Continued)

The results of operations outside the PRC are translated into RMB at the average exchange rates for the year which approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the year in which it is incurred. Expenditure on development activities is capitalised if the product or process under development is technically and commercially feasible and the Group has sufficient resources and the intention to complete the development. The expenditure capitalised includes the costs of materials, direct labor, and an appropriate proportion of overheads. Other development expenditure is recognised as an expense in the year in which it is incurred.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

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.

Share-based payments

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

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(Expressed in Renminbi unless otherwise indicated)

3 Material accounting policies (Continued)

Related parties

- (a) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities 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).
 - (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 Group's parent.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value excepts for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

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(Expressed in Renminbi unless otherwise indicated)

3 Material accounting policies (Continued)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

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

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

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(Expressed in Renminbi unless otherwise indicated)

3 Material accounting policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

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

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, bank borrowings and corporate bonds are subsequently measured at amortised cost, using the effective interest method.

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(Expressed in Renminbi unless otherwise indicated)

3 Material accounting policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Convertible bond containing liability and equity components

Convertible bond issued by the Group that contain both liability and conversion option components is classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

On initial recognition of convertible bond issued by the Company, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bond and the fair value assigned to the liability component, representing the conversion option for the holder to convert the convertible bond into equity, is included in equity (convertible bond reserve).

In subsequent periods, the liability component of the convertible bond is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bond equity reserve until the embedded option is exercised (in which case the balance stated in convertible bond equity reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible bond equity reserve will be released to the retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible bond are allocated to the liability and equity component in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bond using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligation are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Modification of financial liabilities

When the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account, all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities, original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

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4 Significant accounting estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairments of non-current assets

If circumstances indicate that the carrying value of an asset may not be recoverable, the asset may be considered “impaired”, and an impairment loss may be recognised in profit or loss. The carrying amounts of assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount.

The recoverable amount is the greater of the fair value less costs of disposal and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of sales volume, sales revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales volume, sales revenue and amount of operating costs.

(b) Provision of ECL for trade receivables

The Group uses provision matrix to calculate ECL for the trade receivables. The provision rates are based on aging of debtors as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group’s historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

5 Segment Information

Information reported to the executive directors of the Company, being identified as the chief operating decision makers (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group. Specifically, the Group’s reportable and operating segments are as follows

- (a) Menswear apparel;
- (b) Industrial products; and
- (c) Energy storage battery.

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5 Segment Information (Continued)

The Group's revenue from external customers from each operating segment is set out in note 6 below.

The following is an analysis of the Group's revenue and results by segment:

Segment revenue and results

Segment revenue represents revenue derived from menswear apparel, industrial products and energy storage battery segments.

Segment results represent the loss before tax reported by each segment without allocation of depreciation and amortisation, impairment losses and head office and corporate expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The segment information provided to the CODM for the reportable segments for the years ended 31 December 2025 and 2024 are as follows:

For the year ended 31 December 2025

	Menswear Apparel RMB'000	Industrial Products RMB'000	Energy Storage Battery RMB'000	Consolidated RMB'000
Revenue	70,216	13,242	5,075	88,533
Segment results before the following items	11,182	(331)	(38,809)	(27,958)
Impairment loss on investment properties	(29,469)	–	–	(29,469)
Impairment loss on property, plant and equipment	(5,547)	–	–	(5,547)
Provision for ECL, net of reversal	(10,465)	(184,153)	(8,124)	(202,742)
Depreciation and amortisation	(21,274)	(612)	(12,534)	(34,420)
Change in fair value of financial liabilities at FVTPL	–	–	(8,151)	(8,151)
Segment results	(55,573)	(185,096)	(67,618)	(308,287)
Other revenue and unallocated gains				377
Corporate and other unallocated losses				(29,966)
Loss before tax				(337,876)
Tax (expense)/credit	(15,997)	27,082	–	11,085
				(326,791)

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5 Segment Information (Continued)

Segment revenue and results (Continued)

For the year ended 31 December 2024

	Menswear Apparel RMB'000	Industrial Products RMB'000	Energy Storage Battery RMB'000	Consolidated RMB'000
Revenue	93,124	365,057	8,829	467,010
Segment results before the following items	11,213	59,939	(53,401)	17,751
Impairment loss on investment properties	(11,004)	–	–	(11,004)
Impairment loss on right-of-use assets	(14,238)	–	–	(14,238)
Provision for ECL, net of reversal	6,008	(217,118)	(201)	(211,311)
Depreciation and amortisation	(24,245)	(102)	(10,974)	(35,321)
Segment results	(32,266)	(157,281)	(64,576)	(254,123)
Other revenue and unallocated gains				1,296
Corporate and other unallocated losses				(64,231)
Loss before tax				(317,058)
Tax (expense)/credit	(60,342)	16,270	–	(44,072)
				(361,130)

The accounting policies of the operating segments are the same as the Group's accounting policies.

Segment assets and liabilities

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

At 31 December 2025

	Menswear Apparel RMB'000	Industrial Products RMB'000	Energy Storage Battery RMB'000	Unallocated RMB'000	Consolidated RMB'000
Segment assets	654,737	140,206	210,449	296,370	1,301,762
Segment liabilities	440,842	292,647	94,893	182,112	1,010,494

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5 Segment Information (Continued)

Segment assets and liabilities (Continued)

At 31 December 2024

	Menswear Apparel RMB'000	Industrial Products RMB'000	Energy Storage Battery RMB'000	Unallocated RMB'000	Consolidated RMB'000
Segment assets	711,318	348,159	337,405	12,483	1,409,365
Segment liabilities	543,338	277,761	118,344	75,137	1,014,580

Amounts included in measure of segment profit or loss and segment assets

For the year ended 31 December 2025

	Menswear Apparel RMB'000	Industrial Products RMB'000	Energy Storage Battery RMB'000	Unallocated RMB'000	Consolidated RMB'000
Addition to non-current assets	48,223	–	15,456	–	63,679
Depreciation and amortisation	(21,274)	(612)	(12,534)	(193)	(34,613)
Loss on disposal of property, plant and equipment	(64)	–	–	–	(64)
Impairment loss of investment properties	(29,469)	–	–	–	(29,469)
Impairment loss of property, plant and equipment	(5,547)	–	–	–	(5,547)
Provision for ECL, net of reversal	(10,465)	(184,153)	(8,124)	–	(202,742)
Change in fair value of financial liabilities at FVTPL	–	–	(8,151)	–	(8,151)

For the year ended 31 December 2024

	Menswear Apparel RMB'000	Industrial Products RMB'000	Energy Storage Battery RMB'000	Unallocated RMB'000	Consolidated RMB'000
Addition to non-current assets	9,998	1,221	2,418	–	13,637
Depreciation and amortisation	(24,245)	(102)	(10,974)	(1,217)	(36,538)
Loss on disposal of property, plant and equipment	(10)	–	(9)	–	(19)
Impairment loss of investment properties	(11,004)	–	–	–	(11,004)
Impairment loss of right-of-use assets	(14,238)	–	–	–	(14,238)
Provision for ECL, net of reversal	6,008	(217,118)	(201)	–	(211,311)

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

- segment assets include property, plant and equipment, investment properties, right-of-use assets, intangible assets, prepayment for acquisition of property, plant and equipment, deferred tax assets, inventories, trade and other receivables, cash and cash equivalents. Other assets are not allocated to operating segments as these assets are managed on a corporate basis; and
- segment liabilities include trade and other payables, bank and other borrowings, loans from a shareholder, tax payable, lease liabilities and financial liabilities at FVTPL. Other liabilities are not allocated to operating segments as these liabilities are managed on a corporate basis.

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5 Segment Information (Continued)

Segment assets and liabilities (Continued)

Amounts included in measure of segment profit or loss and segment assets (Continued)

Information about the Group's revenue from external customers is presented based on the location of the customers. Information about the Group's non-current assets is presented based on physical location of the assets, in the case of property, plant and equipment, investment properties, right-of-use assets and; based on the location of the operation, in the case of intangible assets, inventories, trade and other receivables, prepayment for acquisition of property, plant and equipment and deferred tax assets.

Geographical information

The following table presents the Group's geographical information in terms of revenue for the years ended 31 December 2025 and 2024:

	2025 RMB'000	2024 RMB'000
The PRC	75,291	101,953
Saudi Arabia	13,242	365,057
	88,533	467,010

Non-current assets

The principal place of the Group's operation is in the PRC. For the purpose of segment information disclosures under IFRS 8, the Group regards the PRC as its country of domicile. Over 90% of the Group's non-current assets are located in the PRC as at 31 December 2025 and 2024.

Information about major customers

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

	2025 RMB'000	2024 RMB'000
Customer A (sale of industrial products)	–	116,427
Customer B (sale of industrial products)	13,242	102,560
Customer C (sale of industrial products)	–	69,262

6 Revenue

The main business activities of the Group are the sales of industrial products to customers located in Saudi Arabia and the sales of menswear apparel, menswear apparel brand licensing and sales of energy storage battery in the PRC. Revenue represents the sales value of goods sold less discounts and Value Added Tax.

For the menswear apparel brand licensing, revenue is recognised on monthly basis and recognised to which the Group has a right to invoice and that corresponds directly with the value of performance completed at a point in time.

For the sales of industrial products, sales of menswear apparel and sales of energy storage battery, revenue is recognised when control of the goods has been transferred, being at the point the products are delivered to the customer's premise or shipping port when the customer has accepted the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been delivered to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

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(Expressed in Renminbi unless otherwise indicated)

6 Revenue (Continued)

Under the Group's standard contract terms, customers have a right to exchange for dissimilar products within 90 days. The Group uses its accumulated historical experience to estimate the number of exchange on a portfolio level using the expected value method. Revenue is recognised for sales which are considered highly probable that a significant reversal in the cumulative revenue recognised will not occur.

Revenue by product type is as follows:

	2025	2024
	RMB'000	RMB'000
Revenue from contracts with customers		
Sales of industrial products	13,242	365,057
Sales of menswear apparel	62,675	80,961
Menswear apparel brand licensing	7,541	12,163
Sales of energy storage battery	5,075	8,829
	88,533	467,010
Timing of revenue recognition		
Over time	–	1,887
At a point in time	88,533	465,123
	88,533	467,010

7 Other income and other gains or losses

	2025	2024
	RMB'000	RMB'000
Interest income	413	1,334
Rental income from investment properties less direct outgoings	12,802	14,577
Government grants	1,590	6
Net foreign exchange (loss)/gain	(21)	63
Net loss on disposal of property, plant and equipment	(64)	(19)
Sales of scrap materials	2,348	4,400
Gain on termination on brand licensing service	3,500	–
Others	5,222	444
	25,790	20,805

Government grants were received from several local government authorities, of which the entitlements were under the discretion of the relevant authorities. There was no unfulfilled condition as of 31 December 2025 and 2024. Hence, government grants were recognised in statement of profit or loss upon receipt.

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8 Loss before tax

Loss before tax is arrived at after charging:

	2025 RMB'000	2024 RMB'000
(a) Finance costs:		
Interest on corporate bonds	2,249	2,579
Interest on convertible bonds	306	655
Interest on bank and other borrowings	19,839	19,036
Interest on lease liabilities	142	106
Interest on loans from a shareholder	2,701	2,159
	25,237	24,535
(b) Staff costs (including directors' remuneration):		
Contributions to defined contribution retirement plans	3,610	3,820
Salaries, wages and other benefits	25,553	35,010
Equity-settled share-based payment expenses	9,838	48,644
	39,001	87,474
(c) Provision for ECL, net of reversal:		
Written off of other receivables	3,000	–
Allowance for ECL on trade receivables	196,539	211,311
Allowance for ECL on other receivables	3,203	–
	202,742	211,311
(d) Other items:		
Amortisation of intangible assets	4,639	4,646
Depreciation of property, plant and equipment	7,091	5,495
Depreciation of investment properties	12,624	15,146
Amortisation of right-of-use assets	10,259	11,251
Auditors' remuneration	1,126	1,277
Research and developments expenses (<i>note i</i>)	17,291	15,098
Cost of inventories	68,465	361,319
Expense related to short-term leases	11	147

Note:

- (i) Research and developments expenses include staff costs working in the Group's design and product development department.

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9 Income tax credit/(expense)

(a) Tax expense in the consolidated statement of profit or loss and other comprehensive income represents:

	2025 RMB'000	2024 RMB'000
Current tax		
— PRC enterprises income tax expense for the year	—	(8,548)
— Hong Kong profits tax expense for the year	(5,657)	(12,403)
Deferred tax credit/(expense)	16,742	(23,121)
	11,085	(44,072)

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands ("BVI"), none of the members of the Group are subject to any income tax in the Cayman Islands or BVI.
- (ii) Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.
- (iii) Pursuant to the income tax rules and regulations of the PRC, provision for PRC enterprises income tax is calculated based on the statutory rate of 25% of the assessable profits of subsidiaries incorporated in the PRC for the years ended 31 December 2025 and 2024.
- (iv) According to the Corporate Income Tax law and its implementation rules, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. Deferred tax liabilities have been provided for in this regard based on the expected dividends to be distributed from these subsidiaries in the foreseeable future in respect of the profits generated since 1 January 2008.

(b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	2025 RMB'000	2024 RMB'000
Loss before tax	(337,876)	(317,058)
Notional tax credit on loss before tax, calculated at the rates applicable to profit in the tax jurisdictions concerned	(66,204)	(60,375)
Tax effect of non-deductible expenses	60,988	51,961
Tax effect of income not taxable for tax purposes	(1,067)	(729)
Tax effect of temporary differences not recognised	14,389	38,014
Underprovision in prior years	274	—
Tax effect of tax losses not recognised	2,705	15,201
Tax expense for the year	11,085	44,072

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10 Directors' remuneration

Directors' and chief executive officer's remuneration for the year, disclosed pursuant to 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:

Year ended 31 December 2025

	Directors' fees RMB'000	Salaries, allowances and benefit in kind RMB'000 (note (i))	Equity-settled based payment expenses RMB'000	Retirement scheme contributions RMB'000	2025 Total RMB'000
Executive Directors					
Mr. Kwok Kin Sun	–	549	–	–	549
Mr. Kwok Hon Fung	–	549	–	16	565
Mr. Lu Ke	–	165	221	–	386
Ms. Ma Xiaoling (note (ii))	–	329	756	16	1,101
Mr. Duan Huiyuan	–	552	885	15	1,452
Sub-total	–	2,144	1,862	47	4,053
Non-executive Director					
Mr. Wang Yan	–	88	–	–	88
Independent Non-executive Directors					
Mr. Cheung Chiu Tung	110	–	–	–	110
Mr. Poon Yick Pang Philip	201	–	–	–	201
Mr. Ma Yu-heng	88	–	–	–	88
Sub-total	399	–	–	–	399
Total	399	2,232	1,862	47	4,540

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10 Directors' remuneration (Continued)

Year ended 31 December 2024

	Directors' fees RMB'000	Salaries, allowances and benefit in kind RMB'000 (note (i))	Equity-settled based payment expenses RMB'000	Retirement scheme contributions RMB'000	2024 Total RMB'000
Executive Directors					
Mr. Kwok Kin Sun	–	547	–	–	547
Mr. Kwok Hon Fung	–	547	–	16	563
Mr. Lu Ke	–	764	3,441	93	4,298
Ms. Ma Xiaoling (note (ii))	–	55	–	–	55
Mr. Duan Huiyuan	–	694	5,161	109	5,964
Sub-total	–	2,607	8,602	218	11,427
Non-executive Director					
Mr. Wang Yan	–	88	–	–	88
Independent Non-executive Directors					
Mr. Cheung Chiu Tung	110	–	–	–	110
Mr. Poon Yick Pang Philip	201	–	–	–	201
Mr. Ma Yu-heng	88	–	–	–	88
Sub-total	399	–	–	–	399
Total	399	2,695	8,602	218	11,914

Notes:

- (i) Salaries, allowance and benefits in kind paid to or for the executive directors are generally emoluments paid or receivable in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries.
- (ii) Ms. Ma Xiaoling was appointed as an executive director of the Company on 31 October 2024.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The non-executive director's emolument shown above were for their service as director of the Company.

The independent non-executive directors' emoluments shown were for their services as directors of the Company.

None of the directors waived or has agreed to waive emoluments in respect of the years ended 31 December 2025 and 2024.

During both years, no emolument was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

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11 Five employees with highest emoluments

Of the five employees with the highest emoluments, two (2024: two) are directors whose remuneration is disclosed in note 10 above. The aggregate of the emoluments in respect of the remaining three employees for 2025 (2024: three) are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	3,417	3,355
Retirement scheme contributions	48	49
Equity-settled based payment expenses	726	2,812
	4,191	6,216

The emoluments of the three employees (2024: three) with the highest emoluments fall within the following bands:

	2025 Number of individuals	2024 Number of individuals
RMB nil to RMB1,000,000	1	1
RMB1,000,001 to RMB2,000,000	1	2
RMB2,000,001 to RMB 3,000,000	1	–

During both years, no emolument was paid by the Group to the above-mentioned employees as an inducement to join or upon joining the Group or as compensation for loss of office.

12 Loss per share attributable to equity owners of the Company

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

	2025 RMB'000	2024 RMB'000
Loss attributable to equity owners of the Company		
Loss for the year for the purposes of computation of basic loss per share	(294,730)	(351,045)

	Number of shares '000	'000
Number of shares		
Weighted average number of ordinary shares in issue	3,044,841	2,803,400

No adjustment has been made to basic loss per share as there was no dilutive potential ordinary shares of the Company outstanding during the year ended 31 December 2025 (2024: nil).

13 Dividend

No dividends were paid, declared or proposed for the years ended 31 December 2025 and 2024, nor has any dividend been proposed since the end of the reporting periods.

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14 Property, plant and equipment

	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture, fixtures and equipment RMB'000	Total RMB'000
Cost:					
As at 1 January 2024	28,023	14,278	11,609	9,314	63,224
Additions	712	1,392	10	232	2,346
Disposals	–	(763)	(383)	(93)	(1,239)
Exchange adjustment	–	–	–	5	5
As at 31 December 2024 and 1 January 2025	28,735	14,907	11,236	9,458	64,336
Additions	–	15,427	–	60	15,487
Disposals	(628)	(736)	(398)	(190)	(1,952)
Exchange adjustment	–	–	–	(6)	(6)
As at 31 December 2025	28,107	29,598	10,838	9,322	77,865
Accumulated depreciation:					
As at 1 January 2024	20,911	4,505	6,678	8,424	40,518
Charge for the year	1,807	1,669	1,651	368	5,495
Written back on disposals	–	(13)	(364)	(53)	(430)
Exchange adjustment	–	–	–	5	5
As at 31 December 2024 and 1 January 2025	22,718	6,161	7,965	8,744	45,588
Charge for the year	2,205	2,895	1,651	340	7,091
Written back on disposals	(628)	(225)	(378)	(134)	(1,365)
Impairment for the year	3,775	232	1,527	13	5,547
Exchange adjustment	–	–	–	(6)	(6)
As at 31 December 2025	28,070	9,063	10,765	8,957	56,855
Carrying amount:					
As at 31 December 2025	37	20,535	73	365	21,010
As at 31 December 2024	6,017	8,746	3,271	714	18,748

- (a) The buildings held for own use are located and erected on land held in the PRC under medium-term leases.
- (b) Certain buildings and plant and machinery with carrying amount of approximately RMB17,380,000 (2024: RMB3,768,000) have been pledged to a bank as security for bank and other borrowings as at 31 December 2025 (see note 22).

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14 Property, plant and equipment (Continued)

- (c) Due to the loss on segment result on sales of menswear appeals and energy storage battery incurred for the year ended 31 December 2025, the management concluded there was indicator for impairment and conducted impairment assessment on certain assets belongs to the cash-generating-units for sale of menswear appeals segment ("**Menswear CGU**") and sale of energy storage battery ("**Energy Storage Battery CGU**").

The Group estimates the recoverable amounts of the Menswear CGU and Energy Storage Battery CGU based on higher of fair value less costs of disposal and value in use.

The recoverable amount of Menswear CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management covering the following 5 years with a pre-tax discount rate is 24.78% as at 31 December 2025 (2024: 12%), respectively. The annual growth rate used is 3% (2024: 3%), which is based on the industry growth forecasts and does not exceed the long-term average growth rate for the relevant industry.

The recoverable amount of Energy Storage Battery CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management covering the following 5 years with a pre-tax discount rate is 26.22% (2024: 20%) as at 31 December 2025, respectively. The annual growth rate used is 3% (2024: 3%), which is based on the industry growth forecasts and does not exceed the long-term average growth rate for the relevant industry.

Based on the result of the assessment, the management of the Company determined that the recoverable amounts of the Energy Storage CGU is higher than the carrying amounts and thus, no impairment loss was recognised for the year ended 31 December 2025 (2024: RMB nil).

In view of severe competition in menswear appeals segment. Menswear CGU incurred continuous loss in recent years. Based on the result of the assessment, the management of the Company determined that the recoverable amounts of the Menswear CGU is lower than the carrying amounts and thus an impairment of approximately RMB5,547,000 (2024: RMB nil) has been recognised for the year ended 31 December 2025.

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15 Investment properties

The Group leases out various offices under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 10 years (2024: 1 to 10 years), with unilateral rights to extend the lease beyond initial period held by lessees only. Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of Group's entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	2025 RMB'000	2024 RMB'000
Cost:		
As at 1 January	580,395	570,487
Additions	48,192	9,908
As at 31 December	628,587	580,395
Accumulated depreciation and impairment:		
As at 1 January	224,494	198,344
Depreciation for the year	12,624	15,146
Impairment for the year	29,469	11,004
As at 31 December	266,587	224,494
Carrying amount:		
As at 31 December	362,000	355,901
Classify as:		
Construction in progress	–	169,468
Investment properties	362,000	186,433
	362,000	355,901

The investment properties with carrying value of RMB362,000,000 (2024: RMB186,433,000) were pledged as security for bank and other borrowings (see note 22).

The fair value of the Group's investment properties at 31 December 2025 was RMB362,000,000 (2024: RMB349,832,000). The fair value has been arrived at based on a valuation carried out by Win Bailey Valuation and Advisory Limited, an independent valuer not connected with the Group.

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16 Right-of-use assets

	Land use rights RMB'000 Notes	Leasehold properties RMB'000	Total RMB'000
Cost:			
As at 1 January 2024	253,129	12,488	265,617
Addition	–	1,221	1,221
Exchange realignment	–	103	103
As at 31 December 2024 and 1 January 2025	253,129	13,812	266,941
Addition	–	6,172	6,172
Termination of lease	–	(3,914)	(3,914)
Exchange realignment	–	(77)	(77)
As at 31 December 2025	253,129	15,993	269,122
Accumulated amortisation and impairment:			
As at 1 January 2024	35,545	7,185	42,730
Amortisation for the year	7,109	4,142	11,251
Impairment for the year	14,238	–	14,238
Exchange realignment	–	76	76
As at 31 December 2024 and 1 January 2025	56,892	11,403	68,295
Amortisation for the year	6,659	3,600	10,259
Termination of lease	–	(3,914)	(3,914)
Exchange realignment	–	(54)	(54)
As at 31 December 2025	63,551	11,035	74,586
Carrying amount			
As at 31 December 2025	189,578	4,958	194,536
As at 31 December 2024	196,237	2,409	198,646
		2025	2024
		RMB'000	RMB'000
Expense relating to short-term lease		11	147
Total cash outflow for lease		3,584	4,446

Notes:

- (a) All the Group's land use rights on leasehold land are located in the PRC. As at 31 December 2025, the remaining period of land use rights range from 27 to 30 years (2024: 28 to 31 years).
- (b) As at 31 December 2025, the land use rights with carrying value of approximately RMB189,578,000 (2024: RMB196,237,000) were pledged as security for bank and other borrowings (see note 22).

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17 Intangible assets

	Patent RMB'000	ERP system RMB'000	Distribution network RMB'000	Total RMB'000
Cost:				
As at 1 January 2024	48,486	17,513	217,000	282,999
Addition	–	162	–	162
As at 31 December 2024 and 1 January 2025	48,486	17,675	217,000	283,161
Written-off	–	–	(217,000)	(217,000)
As at 31 December 2025	48,486	17,675	–	66,161
Accumulated amortisation:				
As at 1 January 2024	8,473	17,361	217,000	242,834
Charge for the year	4,609	37	–	4,646
As at 31 December 2024 and 1 January 2025	13,082	17,398	217,000	247,480
Charge for the year	4,613	26	–	4,639
Written-off	–	–	(217,000)	(217,000)
As at 31 December 2025	17,695	17,424	–	35,119
Carrying amount				
As at 31 December 2025	30,791	251	–	31,042
As at 31 December 2024	35,404	277	–	35,681

Intangible assets with carrying value of approximately RMB2,669,000 (2024: RMB nil) were pledged as security for bank and other borrowings (see note 22).

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18 Inventories

Inventories in the consolidated statement of financial position comprise:

	2025 RMB'000	2024 RMB'000
Raw materials	4,058	4,253
Finished goods	29,200	26,325
	33,258	30,578

19 Trade and other receivables

	2025 RMB'000	2024 RMB'000
Trade receivables	952,393	1,008,051
Less: allowance for ECL (<i>note(i)</i>)	(765,220)	(624,624)
Trade receivables	187,173	383,427
Prepayments for acquisition of property, plant and equipment	19,519	54,614
Prepayments to suppliers	171,680	198,802
Other receivables, deposits and prepayments	36,802	9,853
Less: allowance for ECL (<i>note(ii)</i>)	(3,203)	–
Written-off	(3,000)	–
Total trade and other receivables	408,971	646,696
Less: Non-current portion	(19,327)	(54,614)
Current portion	389,644	592,082

Notes:

- (i) For the ECL analysis for trade receivables, please refer to note 32(b)(i).
- (ii) For the ECL analysis for other receivables and deposits, please refer to note 32(b)(iii).

Aging analysis

At the end of the reporting period, the aging analysis of trade receivables with net of allowance for ECL, based on invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 3 months	22,774	145,260
More than 3 months but within 6 months	1,603	91,653
More than 6 months but within 1 year	926	64,133
Over 1 year	161,870	82,381
	187,173	383,427

Trade receivables are normally due for settlement within 90–180 days from the invoice date.

The Group does not hold any collateral or other credit enhancements over its trade receivable balances. All trade receivables are non-interest-bearing.

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20 Cash and cash equivalents

(a) Cash and cash equivalents comprise:

	2025 RMB'000	2024 RMB'000
Cash at bank and on hand	157,066	45,978

As at 31 December 2025, cash and cash equivalents in the PRC amounted to approximately RMB68,783,000 (2024: RMB34,182,000). Remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

RMB is not freely convertible into other currencies, however, under Mainland China'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 which are authorised to conduct foreign exchange business.

Interest income on cash at banks is measured at floating rates based on daily bank deposit rates.

(b) Reconciliation of loss before tax to cash used in operations:

	Notes	2025 RMB'000	2024 RMB'000
Loss before tax		(337,876)	(317,058)
Adjustments for:			
— Depreciation of property, plant and equipment	14	7,091	5,495
— Depreciation of investment properties	15	12,624	15,146
— Amortisation of right-of-use assets	16	10,259	11,251
— Amortisation of intangible assets	17	4,639	4,646
— Interest expenses	8(a)	25,237	24,535
— Interest income	7	(413)	(1,334)
— Impairment of investment properties	15	29,469	11,004
— Impairment of right-of-use assets	16	—	14,238
— Impairment of property, plant and equipment		5,547	—
— Fair value change on financial liabilities at FVTPL	28	8,151	—
— Loss on disposal of property, plant and equipment		64	19
— Foreign exchange loss, net		(629)	(63)
— Provision for ECL, net of reversal		202,742	211,311
— Equity-settled share-based payments expenses		9,662	48,644
Changes in working capital:			
— Change in inventories		(2,496)	269
— Change in trade and other receivables		11,409	44,273
— Change in trade and other payables		(51,857)	(101,568)
Cash used in operations		(66,377)	(29,192)

(c) Non-cash transaction

During the year ended 31 December 2025, additions of property, plant and equipment was partially settled by prepayment for acquisition of prepayment, plant and equipment with the amounts of approximately RMB13,095,000. Also, the prepayment for acquisition of property, plant and equipment amounted to RMB22,000,000 was terminated. Such amount classified as other receivables as at 31 December 2025.

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21 Trade and other payables

	2025 RMB'000	2024 RMB'000
Trade payables	261,731	256,908
Other payables	85,880	107,792
Accruals	47,675	54,544
	395,286	419,244

The below is an aging analysis of the trade payables at the end of the reporting period based on relevant invoice dates:

	2025 RMB'000	2024 RMB'000
Within 1 month or on demand	12,832	10,925
Over 1 month but within 3 months	7,746	20,095
Over 3 months but within 6 months	3,298	26,855
Over 6 months but within 1 year	159	130,303
Over 1 year	237,696	68,730
	261,731	256,908

22 Bank and other borrowings

(a) The bank and other borrowings were repayable as follows:

	2025 RMB'000	2024 RMB'000
Floating-rate borrowings		
Within 1 year or on demand	9,000	–
Fixed-rate borrowings		
Within 1 year or on demand	379,420	396,000
Over 1 year but within 2 years	9,950	29,990
	398,370	425,990

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

	2025	2024
Effective interest are:		
Floating-rate borrowings	3.5%	–
Fixed-rate borrowings	2.8% to 5.66%	3.17% to 5.66%

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(Expressed in Renminbi unless otherwise indicated)

22 Bank and other borrowings (Continued)

(b) Analysed as follows:

	2025 RMB'000	2024 RMB'000
Bank and other borrowings		
— secured	352,970	382,990
— unsecured	45,400	43,000
	398,370	425,990

(c) Secured bank borrowing was secured by the following assets of the Group with carrying values as follows:

	2025 RMB'000	2024 RMB'000
Property, plant and equipment	17,380	3,768
Investment properties	362,000	186,433
Right-of-use assets	189,578	196,237
Intangible assets	2,669	—
	571,627	386,438

(d) Unsecured bank borrowing were guaranteed by:

As at 31 December 2025 and 2024, certain bank borrowings were guaranteed by directors of the Company.

(e) The amounts of banking facilities and the utilisation at the end of the reporting period are set out as follows:

	2025 RMB'000	2024 RMB'000
Facility amount	487,800	472,800
Utilised facilities amount in respect of bank borrowings	393,370	387,000

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23 Lease liabilities

	2025 RMB'000	2024 RMB'000
Lease liabilities		
Current	3,366	1,482
Non-current	1,220	528
	4,586	2,010
Lease liabilities payable		
— Within one year	3,366	1,482
— More than one year but not more than two years	1,220	528
Present value of lease liabilities	4,586	2,010
Analysis as:		
Amounts due for settlement within one year	3,366	1,482
Amounts due for settlement after one year	1,220	528
	4,586	2,010

The weighted average incremental borrowing rates applied to lease liabilities range from 0.43% to 1.17% (2024: 0.17% to 2.20%).

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24 Deferred tax

(a) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movement during the year are as follows:

Deferred tax arising from:	Withholding tax for undistributed profit RMB'000	Impairment on trade receivable RMB'000	Total RMB'000
As at 1 January 2024	(37,740)	100,258	62,518
Credited to consolidated statement of profit or loss and other comprehensive income	–	(23,121)	(23,121)
As at 31 December 2024 and 1 January 2025	(37,740)	77,137	39,397
Charge to consolidated statement of profit or loss and other comprehensive income	–	16,742	16,742
As at 31 December 2025	(37,740)	93,879	56,139

(ii) Reconciliation to the consolidated statement of financial position

	2025 RMB'000	2024 RMB'000
Deferred tax assets	93,879	77,137
Deferred tax liabilities	(37,740)	(37,740)

(b) Deferred tax assets not recognised

At the end of the reporting period, the Group has unused tax losses of approximately RMB139,815,000 (2024: RMB150,272,000) available for offset against future profits. Included in unrecognised tax losses are losses of approximately RMB123,897,000 (2024: RMB285,587,000) with expiry from 2026 to 2030 (2024: 2025 to 2029). Other losses may be carried forward indefinitely.

(c) Deferred tax liabilities not recognised

Pursuant to the PRC Corporate Income Tax Law and its related regulations, the Group is subject to withholding tax at 10% (unless reduced by tax treaties/arrangements) on dividends receivable from its PRC subsidiaries in respect of their profits generated since 1 January 2008. As at 31 December 2025, deferred tax liabilities relating to the undistributed profits of the Company's PRC subsidiaries of approximately RMB848,540,000 (2024: RMB981,465,000) were not recognised as the Company controls the dividend policy of these subsidiaries and it has determined that those profits will not be distributed in the foreseeable future.

There are no tax consequences attaching to the payment of dividends by the Company to its shareholders.

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25 Corporate bonds

	2025 RMB'000	2024 RMB'000
Unsecured corporate bonds	27,669	27,398

The Group's corporate bonds are repayable as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	19,266	3,878
After 1 year but within 2 years	8,403	15,439
After 2 years but within 5 years	–	8,081
	27,669	27,398
Analysed as:		
— Current	19,266	3,878
— Non-current	8,403	23,520
	27,669	27,398

As at 31 December 2025, the Group issued bonds with a principal amount in a total of approximately RMB29,806,000 (2024: RMB31,717,000) carried interest at 0.1%–5% per annum (2024: 0.1%–5% per annum). The bonds are unsecured with maturity date falling on 7.5–8 years (2024: 3–8 years) of the issue date.

The effective interest rate of the bonds is ranging from 6.73% to 10.72% per annum (2024: 6.73% to 12.53% per annum).

26 Convertible bond

The Company issued approximately HK\$26,205,000, 8.0% per annum convertible bonds on 30 May 2023 (“2023 CB”). The convertible bonds are denominated in Hong Kong dollars. The convertible bond holders are entitled to convert the convertible bonds into ordinary shares of the Company at any time from the date of issue to the maturity date on 29 May 2025 at an initial conversion price of HK\$0.66 per conversion share. The Company has the callable option to redeem all or some of the convertible bonds plus accrued interest from 30 May 2023 and prior to the maturity date on 29 May 2025. If the convertible bonds have not been converted, they will be redeemed on the maturity date on 29 May 2025 at par. During the year ended 31 December 2025, 2023 CB was matured and the amount of HK\$3,425,000 was fully redeemed.

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26 Convertible bond (Continued)

The convertible bond contained two components, debt component and equity component. The effective interest rate of the debt component was 20.23% to 25.9%.

The movements of the debt and equity components of the convertible bond are set out as below:

	Debt component RMB'000	Equity component RMB'000
As at 1 January 2024	2,647	793
Effective interest expense	655	–
Interest paid	(254)	–
Exchange adjustment	68	–
As at 31 December 2024 and 1 January 2025	3,116	793
Effective interest expense	306	–
Interest paid	(251)	–
Redemption of convertible bond	(3,135)	(793)
Exchange adjustment	(36)	–
As at 31 December 2025	–	–
	2025 RMB'000	2024 RMB'000
Debt component		
Analysis:		
Current portion	–	3,116
Non-current portion	–	–
	–	3,116

27 Loans from a shareholder

Loans from a shareholder, Mr. Kwok, Kin Sun (a director of the Company), are unsecured, interest bearing at 4% per annum and repayable within one to two years.

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28 Financial liabilities at FVTPL

On 30 December 2024, the Company and 3 subsidiaries of the Company, Jiangsu HengAn Energy Technology Co., Ltd.* (江蘇恆安儲能科技有限公司) (“**Jiangsu HengAn**”), Oriental Richway Limited (“**Oriental Richway**”) and Yulin Anchu Richway Energy Technology Co., Ltd.* (榆林安儲富利能源科技有限公司) (“**Yulin Anchu**”) (Oriental Richway and Yulin Anchu together held 100% equity interest in Jiangsu HengAn as at the date of the Capital Contribution Agreements (defined below), collectively as the “**Existing Shareholders**”), has entered into capital contribution agreements with certain independent third parties (the “**Investor(s)**”) separately in respect of the capital contributions (the “**Capital Contributions**”) by each of the Investors (the “**Capital Contribution Agreements**”).

Pursuant to the Capital Contribution Agreements, the Investors have agreed to contribute RMB28,000,000 in aggregate into Jiangsu HengAn, of which approximately RMB6,545,000 was contributed towards the registered capital of Jiangsu HengAn, which accounts for approximately 2.34% of the enlarged equity interest in Jiangsu HengAn, and the remaining was contributed towards the capital reserve of Jiangsu HengAn.

Upon completion of the Capital Contributions, the Investors were interested in approximately 2.34% of the enlarged equity interest in Jiangsu HengAn in aggregate, and the Group’s interest in Jiangsu HengAn was diluted from 100% to approximately 97.66%. Accordingly, Jiangsu HengAn remains as a subsidiary of the Company and the financial results of Jiangsu HengAn and its subsidiaries continue to be consolidated in the financial statements of the Group.

Each of the Investors has the right (the “**Repurchase Right(s)**”) to require Jiangsu HengAn and/or the Company, to jointly repurchase all or part of its equity interest in Jiangsu HengAn within 1 month upon receipt of written notice from the Investor, after occurrence of any of the following trigger events within the five (5) years period upon the date of full payment of the Capital Contributions:

- (1) Jiangsu HengAn fails to consummate a qualified initial public offering on the stock exchange recognised by the Investor, and the Investor fails to exit through other means such as mergers and acquisitions;
- (2) any of Jiangsu HengAn, the Existing Shareholders or the Company is in breach of their representations, warranties, statements, undertakings or there are major issues such as fraud;
- (3) there are other circumstances that have a material adverse impact on Jiangsu HengAn’s operations, such as changes in the controlling shareholder or actual controller of Jiangsu HengAn;
- (4) if more than one-third of Jiangsu HengAn’s key employees change or the Company loses control on Jiangsu HengAn;
- (5) an accounting firm recognised by the Investors and Jiangsu HengAn conducts audits on Jiangsu HengAn and issues a qualified audit report other than standard unqualified opinion;
- (6) other shareholders of Jiangsu HengAn request to exercise their repurchase or redemption rights; and
- (7) other repurchase circumstances stipulated in the Capital Contribution Agreements.

The Repurchase Rights were classified as financial liabilities at FVTPL on initial recognition and are measured at fair value with changes in fair value recognised in profit or loss.

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28 Financial liabilities at FVTPL (Continued)

Details of movement is set out below:

	2025 RMB'000
As at 1 January	–
At initial recognition	21,880
Change in fair value recognised in profit or loss	8,151
	30,031

The fair values of the Repurchase Rights determined at date of completion of the Capital Contributions, i.e. 14 January 2025, and as at 31 December 2025 were measured by an independent valuer engaged by the Group, based on binomial option pricing model. Key valuation assumptions used to determine the fair values of the Repurchase Rights are as follows:

	14 January 2025	31 December 2025
Volatility	68.16%	67.00%
Risk-free rate	3.55%	2.49%
Risky rate	11.66%	6.28%
Dividend yield	0%	0%

29 Employee retirement benefits

Defined contribution retirement plans

The PRC subsidiaries of the Group participate in defined contribution retirement benefit schemes (the “Schemes”) organised by the PRC municipal and provincial government authorities whereby the PRC subsidiaries are required to make contributions at the rate of 18% of the eligible employees’ salaries to the Schemes. The Group has accrued for the required contributions which are remitted to the respective local government authorities when the contributions become due. The local government authorities are responsible for the pension obligations payable to the retired employees covered under the Schemes.

The Group also operates a Mandatory Provident Fund Scheme (the “MPF scheme”) under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately.

The Group has no other material obligation for the payment of pension benefits beyond the contributions described above.

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30 Equity-settled share-based payments for employees

The Company has adopted a share option scheme on 9 June 2014 whereby the directors of the Company are authorised, at their discretion, to invite certain employees of the Group, including certain directors of the Group, to take up share options at consideration of HK\$1 for each option holder (equivalent to RMB0.821 at the date of grant). Each option gives the holder the right to subscribe for one ordinary share in the Company and will be settled gross in shares. The share option scheme has expired on 8 June 2024

On 23 October 2025, the shareholders of the Company has approved the adoption of a new share scheme at the extraordinary general meeting of the Company. Pursuant to the terms of the share option scheme, the Company may grant options at its discretion, to any eligible person (including directors and employees of the Group).

No options may be granted under the share option scheme after 10 years since the adoption. The vesting periods, exercise periods and vesting conditions may be specified by the Company at the time of the grant, and the options expire no later than 10 years from the relevant date of grant.

(a) Details of share options granted are as follows:

Options granted on 23 January 2024 ("2024 Options")

Date of grant	Exercise price	Number of options granted	Vesting periods	Exercisable period
Options granted to the Directors: 23 January 2024	HK\$0.91	25,000,000	one year from the date of grant	From 23 January 2025 to 22 January 2029
Options granted to the employees of the Group: 23 January 2024	HK\$0.91	145,000,000	one year from the date of grant	From 23 January 2025 to 22 January 2029

Options granted on 25 November 2025 ("2025 Options")

Date of grant	Exercise price	Number of options granted	Vesting periods	Exercisable period
Options granted to the Directors: 25 November 2025	HK\$0.61	52,000,000	one year from the date of grant	From 25 November 2026 to 24 November 2035
Options granted to the employees of the Group: 25 November 2025	HK\$0.61	252,690,000	one year from the date of grant	From 25 November 2026 to 24 November 2035

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30 Equity-settled share-based payments for employees (Continued)

(b) The number and weighted average exercise prices of share options

	2025		2024	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at the 1 January	HK\$0.91	157,000,000	N/A	–
Granted during the year	HK\$0.61	304,690,000	HK\$0.91	170,000,000
Lapsed during the year	HK\$0.91	(66,000,000)	HK\$0.91	(13,000,000)
Outstanding at 31 December	HK\$0.68	395,690,000	HK\$0.91	157,000,000
Exercisable at the end of the year	HK\$0.91	91,000,000	N/A	–

During the year ended 31 December 2025, 304,690,000 (2024: 170,000,000) share options were granted and 91,000,000 (31 December 2024: nil) share option became exercisable as at 31 December 2025. The share options outstanding as at 31 December 2025 had an exercise price of HK\$0.91 (2024: HK\$0.91) and a weighted average remaining contractual life of 8.3 (2024: 4.1) years.

During the year ended 31 December 2025, 66,000,000 (2024: 13,000,000) share options had been lapsed and 395,690,000 (2024: 157,000,000) share options remained outstanding as at 31 December 2025.

(c) Fair value of share options and assumptions

The fair value of the share options determined at date of grant is measured by an independent valuer engaged by the Group, namely Ravia Global Appraisal Advisory Limited, based on binomial model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial model.

Fair value of share options at the date of grant and assumptions

	2025 Options	2024 Options
Fair value at measurement date (HK\$)	0.25–0.27	0.32–0.40
Share price (HK\$)	0.60	0.82
Exercise price (HK\$)	0.61	0.91
Expected volatility (expressed as average volatility used in the modelling under binomial model)	68.86%	72.79%
Option life	10 years	5 years
Expected dividends	0%	0%
Risk-free interest rate (based on Hong Kong Government Bond yield)	3.00%	3.13%

The expected volatility is based on the historical volatilities of the share prices of the comparable companies. Expected dividends were estimated by the Company based on its expected dividend policy over the expected terms of the options. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted with a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the grants of the share options.

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(Expressed in Renminbi unless otherwise indicated)

31 Capital, reserve and dividends

(a) Share capital

	Number of ordinary shares of HK\$0.0025	Amount HK\$'000	
Authorised:			
As at 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	4,000,000,000		10,000
	Number of ordinary shares of HK\$0.0025	Amount HK\$'000	Amount RMB'000
Issued and fully paid:			
As at 1 January 2024	2,745,389,000	6,863	5,629
Issuance of share under subscription (<i>note (i)</i>)	42,000,000	105	96
Issuance of share upon the acquisition of non-controlling interests (<i>note (ii)</i>)	200,000,000	500	458
As at 31 December 2024 and 1 January 2025	2,987,389,000	7,468	6,183
Issuance of share under subscription (<i>note (iii)</i>)	59,574,000	149	138
As at 31 December 2025	3,046,963,000	7,617	6,321

Notes:

- (i) On 29 May 2024, the Company entered into a subscription agreement with an independent third party, as the subscriber, pursuant to which the subscriber had agreed to subscribe for 42,000,000 new shares of the Company at the subscription price of HK\$0.5 per subscription share. The subscription was completed on 19 June 2024 and 42,000,000 new shares of the Company were issued and allotted.
- (ii) On 22 July 2024, Novel Star Ventures Limited ("**Novel Star**"), a wholly-owned subsidiary of the Company, and Astute Triumph Holdings Limited ("**Astute Triumph**"), a non-controlling shareholder of Rosy Estate Global Limited ("**Rosy Estate**"), which was an indirect 51%-owned subsidiary of the Company before the acquisition, entered into a sale and purchase agreement. Pursuant to the agreement, Novel Star agreed to acquire 29% equity interests in Rosy Estate from Astute Triumph at a consideration of HK\$100 million, which was satisfied by the issuance of 200,000,000 new shares of the Company at the issue price of HK\$0.5 per share. Upon the completion of the acquisition on 28 October 2024, Rosy Estate became an indirect 80%-owned subsidiary of the Company.
- (iii) On 23 December 2024, the Company entered into subscription agreements with independent third parties, as the subscribers, pursuant to which the subscribers had agreed to subscribe for 59,574,000 new shares of the Company in aggregate at the subscription price of HK\$0.5 per subscription share. The subscriptions were completed on 15 January 2025 and 59,574,000 new shares of the Company were issued and allotted.

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(Expressed in Renminbi unless otherwise indicated)

31 Capital, reserve and dividends (Continued)

(b) Nature and purpose of reserves

(i) Share premium

The share premium represents the difference between the par value of the shares of the Company and proceeds received from the issuance of the shares of the Company.

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to the shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

(ii) Statutory reserve

As stipulated by regulations in the PRC, the Company's subsidiaries established and operated in the mainland China are required to appropriate 10% of their after-tax-profit (after offsetting prior year losses) as determined in accordance with the PRC accounting rules and regulations, to the statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of profits to parent companies.

The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

(iii) Capital reserve

On 30 April 2014, an amount payable of RMB39,023,000 had been waived by a shareholder of the Company, Mr. Kwok Kin Sun, and capitalised in capital reserve.

(iv) Special reserve

The special reserve represents the reserve relating to the proceeds received according to the subscription share agreements dated 21 December 2025, pursuant to which the subscribers have agreed to subscribe for 524,431,000 subscription shares in aggregate at the subscription price of HK\$0.55 per subscription share. The subscriptions were completed on 6 January 2026.

(v) Other reserve

The other reserve represents the reserve relating to changes in ownership interests in subsidiaries without losing control. The amount represents the difference between consideration paid or received and changes in the carrying amount of the ownership interests attributable to non-controlling shareholders.

(vi) Convertible bond reserve

Convertible bond reserve represents the amount allocated to the equity component of convertible bond issued by the Company.

(vii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statement of foreign operations outside the PRC.

(viii) Share-based payment reserve

Share-based payment reserve comprises the following:

- The fair value of services provided by parties other than employees to the Group in connection with the listing of the Company and the services were settled by equity instrument of the Company. The relevant services are recognised in accordance with IFRS 2, *Share-based payment*. Share-based payment was vested pursuant to the listing of the Company on 16 July 2014. Nil has been transferred from the share-based reserve to the share premium account during the years of 2025 and 2024.
- The portion of the grant date fair value of share options granted to employees of the Group that has been recognised in accordance with the accounting policy adopted for the share-based payments in note 3.

Notes to the Consolidated Financial Statements

31 December 2025

(Expressed in Renminbi unless otherwise indicated)

31 Capital, reserve and dividends (Continued)

(c) Distributable reserve

As at 31 December 2025, no reserves were available for distribution to the shareholders of the Company (2024: RMB189,358,000).

(d) Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure with reference to its debt position. The Group's strategy is to maintain the equity and debt in a balanced position and ensure there are adequate working capital to service its debt obligations. The Group's debt to asset ratio, being the Group's total liabilities (excluding deferred tax liabilities) over its total assets (excluding deferred tax assets), at 31 December 2025 were 81% (2024: 74%).

Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

32 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Categories of financial instruments

	2025 RMB'000	2024 RMB'000
Financial assets		
Trade and other receivables	403,571	384,931
Cash and cash equivalents	157,066	45,978
Financial assets at amortised cost	560,637	430,909
Financial liabilities		
Trade and other payables	392,131	419,242
Bank and other borrowings	398,370	425,990
Corporate bonds	27,669	27,398
Convertible bond	–	3,116
Loans from a shareholder	71,346	60,346
Lease liabilities	4,586	2,010
Financial liabilities at FVTPL	30,031	–
Financial liabilities at amortised cost	924,133	938,102

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(Expressed in Renminbi unless otherwise indicated)

32 Financial risk management and fair values of financial instruments (Continued)

(b) Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligations by the counterparties is arising from the carrying amount of respective recognised financial assets as stated in the consolidated statement of financial position of the Group.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures over the customers to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

(i) Trade receivables

As at 31 December 2025, the Group has concentration of credit risk as 19% (2024: 18%) and 62% (2024: 46%) of the total trade receivables were due from the Group's largest debtor and the top five largest debtors, respectively. Taking into accounts the creditworthiness of the customers, the credit risk measures and the historical levels of default, the Group considered that such concentration of credit risk would not result in significant credit default exposure to the Group.

As part of the Group's credit risk management, the Group applied internal credit rating for its customers. The Group's trade receivables are assessed collectively by reference to past default experience and current past due exposure of each of the debtor. The following tables provide information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2025 and 2024:

As at 31 December 2025

	Expected loss	Gross carrying amount RMB'000	Allowance for ECL RMB'000
Within 3 months	19.9%	28,427	5,653
More than 3 months but within 6 months	52.1%	3,350	1,747
More than 6 months but within 1 year	51.9%	154,509	80,183
Over 1 year	88.5%	766,107	677,637
		952,393	765,220

As at 31 December 2024

	Expected loss	Gross carrying amount RMB'000	Allowance for ECL RMB'000
Within 3 months	13.6%	167,964	22,704
More than 3 months but within 6 months	27.4%	126,161	34,508
More than 6 months but within 1 year	44.8%	116,168	52,035
Over 1 year	85.8%	598,951	515,377
		1,009,244	624,624

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31 December 2025

(Expressed in Renminbi unless otherwise indicated)

32 Financial risk management and fair values of financial instruments (Continued)

(b) Credit risk (Continued)

(i) Trade receivables (Continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets at amortised cost
Good	The counterparty has a low risk of default	Lifetime ECL — not credit-impaired	12m ECL
Low risk	Debtor frequently repays after due dates but usually settles in full	Lifetime ECL — not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group's trade receivables, which are subject to ECL assessment:

As at 31 December 2025	Internal credit rating	12 m or lifetime ECL	Gross carrying amount RMB'000
Trade receivables	Good	Lifetime ECL — not credit-impaired	28,427
	Low risk	Lifetime ECL — not credit-impaired	3,350
	Doubtful	Lifetime ECL — not credit-impaired	154,509
	Loss	Lifetime ECL — credit-impaired	718,140
	Written-off	Amount is written off	47,967

As at 31 December 2024	Internal credit rating	12 m or lifetime ECL	Gross carrying amount RMB'000
Trade receivables	Good	Lifetime ECL — not credit-impaired	166,550
	Low risk	Lifetime ECL — not credit-impaired	126,161
	Doubtful	Lifetime ECL — not credit-impaired	116,168
	Loss	Lifetime ECL — credit-impaired	597,979
	Written-off	Amount is written off	1,193

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(Expressed in Renminbi unless otherwise indicated)

32 Financial risk management and fair values of financial instruments (Continued)

(b) Credit risk (Continued)

(i) Trade receivables (Continued)

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. Such forward-looking information is used by the management of the Group to assess both the current as well as the forecast direction of conditions at the reporting date. The grouping is regularly reviewed by the management of the Group to ensure relevant information about specific debtors is updated.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL — credit-impaired RMB'000	Lifetime ECL — not credit-impaired RMB'000	Total RMB'000
As at 1 January 2024	410,855	2,458	413,313
— Written-off	(1,193)	—	(1,193)
— Transfer to credit-impaired	2,458	(2,458)	—
— Impairment loss recognised	250,851	7,299	258,150
— Impairment loss reversed	(45,646)	—	(45,646)
As at 31 December 2024 and 1 January 2025	617,325	7,299	624,624
— Written-off	(47,967)	—	(47,967)
— Transfer to credit-impaired	7,299	(7,299)	—
— Impairment loss recognised	122,975	87,537	210,512
— Impairment loss reversed	(21,949)	—	(21,949)
As at 31 December 2025	677,683	87,537	765,220

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(Expressed in Renminbi unless otherwise indicated)

32 Financial risk management and fair values of financial instruments (Continued)

(b) Credit risk (Continued)

(ii) Cash and cash equivalents

The credit risk on cash and cash equivalents is limited because the major counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assessed 12m ECL for cash and cash equivalents by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies, the Group considered that it has no significant concentration of credit risk in cash and cash equivalents, with exposure spread over a number of counterparties.

(iii) Other receivables and deposits

For other receivables and deposits, the management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The Group considered that there was an increase in credit risk of certain other receivables and deposits, and the ECL for other receivables and deposits of approximately RMB3,203,000 (2024: RMB nil) was recognised in the profit or loss during the year ended 31 December 2025.

The tables below detail the credit risk exposures of the Group's other receivables and deposits, which are subject to ECL assessment:

As at 31 December 2025	Internal credit rating	12 m or lifetime ECL	Gross carrying amount RMB'000
Other receivables and deposits	Doubtful	Lifetime ECL — not credit-impaired	25,199
	Loss	Lifetime ECL — credit-impaired	194,402
	Written-off	Amount is written off	3,000

As at 31 December 2024	Internal credit rating	12 m or lifetime ECL	Gross carrying amount RMB'000
Other receivables and deposits	Doubtful	Lifetime ECL — not credit-impaired	1,504

The following table shows the movement ECL allowance of other receivables and deposits:

	Lifetime ECL — credit impaired RMB'000
As at 1 January 2024, 31 December 2024 and 1 January 2025	—
Impairment loss recognised	3,203
As at 31 December 2025	3,203

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(Expressed in Renminbi unless otherwise indicated)

32 Financial risk management and fair values of financial instruments (Continued)

(c) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the management and directors when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining scheduled maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	Contractual undiscounted cash flows			Carrying amount RMB'000
	Within 1 year or on demand RMB'000	More than 1 year RMB'000	Total RMB'000	
As at 31 December 2025				
Bank and other borrowings	397,460	10,126	407,586	398,370
Loans from a shareholder	56,870	15,292	72,162	71,346
Trade and other payables	392,131	–	392,131	392,131
Lease liabilities	3,518	1,235	4,753	4,586
Corporate bonds	23,010	10,010	33,020	27,669
Financial liabilities at FVTPL	–	30,031	30,031	30,031
	872,989	66,694	939,683	924,133
As at 31 December 2024				
Bank and other borrowings	405,862	31,001	436,863	425,990
Loans from a shareholder	63,363	–	63,363	60,346
Trade and other payables	419,244	–	419,244	419,244
Lease liabilities	1,710	537	2,247	2,010
Corporate bonds	3,936	27,781	31,717	27,398
Convertible bond	3,426	–	3,426	3,116
	897,541	59,319	956,860	938,104

(d) Interest rate risk

The Group's interest rate risk arises primarily from bank and other borrowings, corporate bonds, convertible bond and loans from a shareholder. Bank and other borrowings, corporate bonds, convertible bond and loans from a shareholder issued at fixed rates expose the Group to fair value interest rate risk. The Group's interest rate profiles as monitored by management are set out below.

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32 Financial risk management and fair values of financial instruments (Continued)

(d) Interest rate risk (Continued)

Interest rate profile

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period:

	2025		2024	
	Effective interest rate	Amount RMB'000	Effective interest rate	Amount RMB'000
Fixed rate borrowings:				
Bank and other borrowings	4.24%	389,370	4.46%	425,990
Corporate bonds	9.03%	27,669	9.95%	27,398
Convertible bond	N/A	–	25.94%	3,116
Loans from a shareholder	4.00%	71,346	5.00%	60,346
Floating rate borrowings:				
Bank and other borrowings	3.5%	9,000	–	–
Total interest-bearing borrowings		497,385		516,850
Net fixed rate borrowings as a percentage of total borrowings		98.19%		100%
Net floating rate borrowings as a percentage of total borrowings		1.81%		N/A

(e) Foreign currency risk

The Group's transactions are mainly denominated in RMB and HKD.

Certain financial assets and financial liabilities of the Group are denominated in currencies other than the functional currency of the respective group entities (i.e. RMB) and therefore exposed to foreign currency risk. The carrying amounts of those financial assets and liabilities are analysed as follows:

	Financial assets		Financial liabilities	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
HKD	215,387	360,642	306,529	352,898

	31 December 2025		31 December 2024	
	Increase (decrease) in foreign exchange rates	Effect on gain (loss) before tax RMB'000	Increase (decrease) in foreign exchange rates	Effect on gain (loss) before tax RMB'000
HKD	10% (10%)	(9,114) 9,114	10% (10%)	774 (774)

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32 Financial risk management and fair values of financial instruments (Continued)

(e) Foreign currency risk (Continued)

The sensitivity analysis has been determined assuming that the changes in foreign exchange rates had occurred at the end of each reporting period and had been applied to the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of the next reporting period.

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of each reporting period does not reflect the exposure during the years ended 31 December 2025 and 2024.

(f) Fair value measurement of financial instruments

Financial assets and liabilities measured at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13 "Fair Value Measurement". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation techniques as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (significant unobservable input).

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2025				
Financial liabilities at FVTPL:				
Repurchase options	–	–	30,031	30,031

During the years ended 31 December 2025 and 31 December 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

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(Expressed in Renminbi unless otherwise indicated)

32 Financial risk management and fair values of financial instruments (Continued)

(f) Fair value measurement of financial instruments (Continued)

Information about Level 3 fair value measurements

The valuation techniques and significant unobservable inputs used to determine the fair values of financial liabilities at FVTPL are as follows:

Financial instruments at FVTPL	Valuation techniques	Amount	Range	Significant unobservable inputs	Sensitivity relationship of unobservable inputs to fair value
Financial liabilities at FVTPL					
Repurchase options	Binomial option pricing model	RMB30,031,000 (2024:RMB nil)	2.49%	Risk-free rate	Increase/(decrease) in risk-free rate would result in (decrease)/increase in fair value
			6.28%	Risky rate	Increase/(decrease) in risky rate would result in (decrease)/increase in fair value
			67%	Volatility	Increase/(decrease) in volatility would increase/(decrease) in fair value

The movements for the year ended 31 December 2025 in the balance of Level 3 fair value measurements are disclosed in note 28.

Financial assets and liabilities not reported at fair value

The Group considered that the carrying amounts of financial assets and financial liabilities carried at amortised cost in the consolidated financial statements approximate their fair values as at 31 December 2025 and 31 December 2024.

33 Commitments

(a) Capital commitments

Capital commitments of the Group in respect of construction in progress as at 31 December 2025 and 2024 that were not provided for in the consolidated financial statements were as follows:

	2025 RMB'000	2024 RMB'000
Contracted for	177,859	215,236

(b) Operating leases arrangements

As lessor

At the ended of the reporting period, the Group had total future minimum lease receivables, in respect of land and buildings, under non-cancellable operating leases with its tenants falling due as follows:

	2025 RMB'000	2024 RMB'000
Within one year	12,866	14,653
In the second years to fifth years, inclusive	29,218	50,100
After five years	–	77,610
	42,084	142,363

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34 Material Related Party Transactions

In addition to the related party information disclosed elsewhere in the financial statements, the Group entered into the following material related party transactions.

Key management personnel compensation

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 10 and certain of the highest paid employees as disclosed in note 11, is as follows:

	2025 RMB'000	2024 RMB'000
Short-term employee benefits	6,048	6,449
Retirement scheme contributions	95	267
Equity-settled based payment expenses	2,588	11,414
	8,731	18,130

The above remuneration is included in "staff costs" (note 8(b)).

35 Reconciliation of liabilities arising from financing activities

	Bank and other borrowings RMB'000	Lease liabilities RMB'000	Corporate bonds RMB'000	Convertible bond RMB'000	Loans from a shareholder RMB'000	Financial liabilities at FVTPL RMB'000	Total RMB'000
As at 1 January 2024	382,000	5,061	35,128	2,647	36,744	–	461,580
Financing cashflows	24,954	(3,184)	(10,951)	(254)	21,443	–	32,008
Interest expenses	19,036	106	2,579	655	2,159	–	24,535
Exchange adjustments	–	27	642	68	–	–	737
As at 31 December 2024 and 1 January 2025	425,990	2,010	27,398	3,116	60,346	–	518,860
Financing cashflows	(47,459)	(3,715)	(1,290)	(3,386)	8,299	28,000	(19,551)
Change in ownership interest in subsidiaries without losing of control	–	–	–	–	–	(6,120)	(6,120)
Interest expenses	19,839	142	2,249	306	2,701	–	25,237
Entering into new lease	–	6,172	–	–	–	–	6,172
Change in fair value recognised in profit or loss	–	–	–	–	–	8,151	8,151
Exchange adjustments	–	(23)	(688)	(36)	–	–	(747)
As at 31 December 2025	398,370	4,586	27,669	–	71,346	30,031	532,002

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36 Company-level statement of financial position

	Notes	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment		7	28
Investment in subsidiaries		1	–
Right-of-use assets		–	175
		8	203
Current assets			
Other receivables		47	487
Amounts due from subsidiaries		209,288	470,433
Cash and cash equivalents		88,131	11,702
		297,466	482,622
Current liabilities			
Accrual and other payables		22,424	59,762
Amounts due to subsidiaries		110,998	113,756
Tax Payable		8,132	–
Lease liabilities		–	157
Convertible bond		–	3,116
Corporate bonds		19,266	3,878
		160,820	180,669
Net current assets		136,646	301,953
Total assets less current liabilities		136,654	302,156
Non-current liabilities			
Corporate bonds		8,403	23,520
		8,403	23,520
Net assets		128,251	278,636
Capital and reserves			
Share capital	31(a)	6,321	6,183
Reserves	31(b)	121,930	272,453
Total equity		128,251	278,636

Approved and authorised for issue by the board of directors on 30 March 2026.

Kwok Kin Sun
Chairman

Kwok Hon Fung
Director

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(Expressed in Renminbi unless otherwise indicated)

36 Company-level statement of financial position (Continued)

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital	Share premium	Special reserve	Exchange reserve	Convertible bonds	Share-based		Total
						payment reserve	Accumulated losses	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024	5,629	532,798	-	34,415	793	-	(340,302)	233,333
Total comprehensive income/(loss) for the year	-	-	-	2,161	-	-	(73,030)	(70,869)
Equity-settled share-based payments	-	-	-	-	-	49,379	-	49,379
Issuance of shares	96	19,043	-	-	-	-	-	19,139
Acquisition of non-controlling interests	458	47,196	-	-	-	-	-	47,654
Lapse of share options	-	-	-	-	-	(3,653)	3,653	-
As at 31 December 2024 and 1 January 2025	6,183	599,037	-	36,576	793	45,726	(409,679)	278,636
Total comprehensive loss for the year	-	-	-	(10,863)	-	-	(362,789)	(373,652)
Equity-settled share-based payments	-	-	-	-	-	9,662	-	9,662
Share subscription	-	-	186,107	-	-	-	-	186,107
Issuance of shares	138	27,360	-	-	-	-	-	27,498
Redemption of convertible bond	-	-	-	-	(793)	-	793	-
Lapse of share options	-	-	-	-	-	(19,361)	19,361	-
As at 31 December 2025	6,321	626,397	186,107	25,713	-	36,027	(752,314)	128,251

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(Expressed in Renminbi unless otherwise indicated)

37 Particulars of investments in subsidiaries

Details of the Group's principal subsidiaries are as follows. The class of shares held is ordinary unless otherwise stated.

Name of Company	Place of incorporation/ registration/ operation	Issued and fully paid up capital	Proportion of ownership interest and voting power held by the Company				Principle activities
			2025		2024		
			Direct	Indirect	Direct	Indirect	
Bigtime Global Limited ("Bigtime Global")	BVI	US\$10	100%	–	100%	–	Investment holding
Tiger Capital Fashion (Holdings) Company Limited ("Tiger Capital HK")	Hong Kong	HK\$100,000	–	100%	–	100%	Investment holding
Tiger Capital (China) Fashion Co., Ltd. (note (i) and (ii)) ("Tiger Capital Fashion") (虎都(中國)服飾有限公司)	PRC	HK\$100,000,000	–	100%	–	100%	Wholesale of menswear
Fordoo (China) Industrial Ltd., Co (note (i) and (ii)) ("Fordoo Industrial") (虎都(中國)實業有限公司)	PRC	HK\$353,436,677	–	100%	–	100%	Manufacture and wholesale of menswear
Huian Tiger Capital Technology Company Limited (note (i) and (ii)) ("Tiger Capital Technology") (惠安虎都科技有限公司)	PRC	RMB30,000,000	–	100%	–	100%	Research and development
Quanzhou Fordoo Commercial and Trading Company Limited (note (i), (ii) and (iv)) (泉州虎都商貿有限公司)	PRC	–	–	100%	–	100%	Trading of menswear
Quanzhou Fordoo Creative Park Management Limited (note (i), (ii) and (v)) (泉州虎都創意園管理有限公司)	PRC	–	–	100%	–	100%	Research and development
Oriental Starway Limited	Hong Kong	HK\$1	–	80%	–	80%	Sales of industrial products
Jiangsu HengAn (note (i), (ii), (vi) and (vii)) (江蘇恒安儲能科技有限公司)	PRC	RMB144,628,595	–	97.66%	–	100%	Energy storage industry

Notes:

- (i) The English translation of the companies' names is for reference only. The official names of these companies are in Chinese.
- (ii) All of the subsidiaries established in the PRC are wholly foreign owned enterprises.
- (iii) The Directors are of the opinion that a complete list of the particulars of all subsidiaries of the Company is of excessive length and therefore the above list contains only the particulars of subsidiaries which principally affect the results or finance position of the Group.
- (iv) This subsidiary was established in 2016, the capital has not been paid up as at 31 December 2025 and 2024.
- (v) This subsidiary was established in 2020, the capital has not been paid up as at 31 December 2025 and 2024.
- (vi) This subsidiary was established in 2021, the capital has not been paid up as at 31 December 2025 and 2024.
- (vii) During the year ended 31 December 2025, independent investors injected approximately RMB6,545,000 into Jiangsu HengAn, which represented 2.34% equity interest of Jiangsu HengAn. The Group's indirect interests in subsidiaries of Jiangsu HengAn have also been reduced accordingly.

None of subsidiaries had issued any debt securities during the years.

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(Expressed in Renminbi unless otherwise indicated)

37 Particulars of investments in subsidiaries (Continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		2025	2024	2025	2024	2025	2024
				RMB'000	RMB'000	RMB'000	RMB'000
<i>Rosy Estate Global Limited and its subsidiary ("Rosy Estate Group")</i>							
Rosy Estate Global Limited	BVI	20%	20%	(3)	(3)	(15)	(29)
Oriental Starway Limited	Hong Kong	20%	20%	(31,651)	(10,082)	(29,045)	3,169

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Rosy Estate Group

	2025 RMB'000	2024 RMB'000
Non-current assets	71,252	39,144
Current assets	142,501	309,014
Non-current liabilities	–	(528)
Current liabilities	(359,051)	(340,253)
Equity attributable to owners of the Company	(116,238)	(50,035)
Non-controlling interest	(29,060)	3,140
Revenue	13,242	365,056
Expenses	(170,900)	(522,324)
Loss for the year	(158,270)	(157,268)

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38 Acquisition of non-controlling interests in a subsidiary

On 22 July 2024, Novel Star, a wholly-owned subsidiary of the Company, and Astute Triumph, a non-controlling shareholder of Rosy Estate, an indirect 51%-owned subsidiary of the Company before the acquisition, entered into a sale and purchase agreement. Pursuant to the agreement, Novel Star agreed to acquire 29% equity interests in Rosy Estate from Astute Triumph at a consideration of HK\$100,000,000, which was satisfied by the issuance of 200,000,000 shares of the Company at issue price of HK\$0.5 per share. Upon the completion of the acquisition on 28 October 2024, Rosy Estate became an indirect 80%-owned subsidiary of the Company.

Rosy Estate holds 100% equity interests in Oriental Starway Limited, which is engaged in sales of industrial products.

Since the acquisition is a change in the ownership interest in a subsidiary without change of control, the acquisition should be accounted for as an equity transaction with the difference between the fair value of the net assets value of Rosy Estate at the date of the acquisition and the consideration for the acquisition was recognised in equity.

The fair value of net assets of Rosy Estate at the date of the acquisition:

	RMB'000
Deferred tax assets	2,287
Inventories	784
Trade and other receivables	513,967
Cash and cash equivalents	20
Trade and other payables	(297,695)
Tax payables	(32,758)
Fair value of net assets at the date of acquisition	186,605
Consideration, market value of 200,000,000 shares of the Company issued on the date of completion of acquisition	47,654
Fair value of 29% equity interests in Rosy Estate at the date of completion of acquisition	(54,116)
Credited to other reserves	6,462

39 Events after the reporting period

Issue of 524,431,000 new shares of the Company

On 12 December 2025, the Company entered into 31 subscription agreements with 31 subscribers, respectively, pursuant to which, the subscribers have agreed to subscribe for 524,431,000 new shares of the Company in aggregate at the subscription price of HK\$0.55 per subscription share. The subscriptions were completed on 6 January 2026 and 524,431,000 new shares of the Company in aggregate were allotted and issued to the subscribers.

Discloseable transaction in relation to acquisition of the 100% equity interest in Wuzhong Ruichu Technology Co., Ltd.* (吳忠市瑞儲科技有限公司) (the "Target Company")

On 26 January 2026, the Company entered into the equity transfer agreement with Ningxia Jin Xin Sheng Hui Energy Technology Co., Ltd.* (寧夏晉欣勝輝能源科技有限公司) (the "Vendor"), the Target Company, Gansu Qingning Hesheng New Energy Technology Co., Ltd.* (甘肅慶寧禾生新能源科技有限責任公司) and Mr. Wang Tuanwei* (王團維), pursuant to which the Vendor agreed to sell, and the Company agreed to acquire the entire registered and paid-up capital of the Target Company at the consideration of RMB64,000,000 (equivalent to approximately HK\$71,680,000) (subject to downward adjustments).

40 Approval of the consolidation financial statements

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

* For identification purposes only

Five Years Summary

	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	88,533	467,010	645,084	603,911	373,861
(Loss)/profit from operations	(312,639)	(292,523)	50,732	(77,422)	(118,349)
Finance costs	(25,237)	(24,535)	(35,860)	(30,617)	(28,710)
(Loss)/profit before tax	(337,876)	(317,058)	14,872	(108,039)	(147,059)
Income tax credit/(expenses)	11,085	(44,072)	(19,365)	19,396	(19,879)
Loss for the year from continuing operations	(326,791)	(361,130)	(4,493)	(88,643)	(166,938)
Loss per share (RMB cents)					
From continuing and discontinued operations					
Basic and diluted	(9.68)	(12.52)	(2.33)	(4.67)	(9.22)
From continuing operations					
Basic and diluted	(9.68)	(12.52)	(2.33)	(4.67)	(9.03)
Assets and liabilities					
Non-current assets	721,794	740,727	788,265	788,655	703,764
Current assets	579,968	668,638	937,231	544,997	412,681
Current liabilities	908,150	922,802	974,130	786,719	593,651
Net current liabilities	(328,182)	(254,164)	(36,899)	(241,722)	(180,970)
Total assets less current liabilities	393,612	486,563	751,366	546,933	522,794
Non-current liabilities	102,344	91,778	64,946	111,577	68,782
NET ASSETS	291,268	394,785	686,420	435,356	454,012
Capital and reserves					
Equity attributable to equity holders of the Company					
Share Capital	6,321	6,183	5,629	4,420	4,163
Reserves	314,497	385,462	612,655	410,884	442,514
	320,818	391,645	618,284	415,304	446,677
Non-controlling interests	(29,550)	3,140	68,136	20,052	7,335
Total equity	291,268	394,785	686,420	435,356	454,012