



Shuanghua Holdings Limited
雙樺控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1241



ANNUAL REPORT
2025

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Corporate Information

Company Name:	Shuanghua Holdings Limited
Registered Office:	Conyers Trust Company (Cayman) Limited Cricket Square, Hutchins Drive PO Box 2681, Grand Cayman KY1-1111, Cayman Islands
Headquarter:	9/F, Tongsheng Building 458 Fushan Road Pudong District Shanghai PRC
Hong Kong Principal Business Address:	Unit No.1, 6/F, Chevalier Commercial Centre No.8 Wang Hoi Road Kowloon Bay Hong Kong
Company Website:	http://www.shshuanghua.com
Telephone:	(86 21) 5058 6337
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Enquiry Email:	ir@shshuanghua.com
Financial Year End:	31 December
Board of Directors:	<i>Executive Directors</i> Mr. ZHENG Ping (<i>Chairman & Chief Executive Officer</i>) Ms. ZHENG Fei Ms. TANG Lo Nar <i>Non-executive Director</i> Ms. KONG Xiaoling <i>Independent Non-executive Directors</i> Mr. HE Binhui Mr. CHEN Lifan Ms. GUO Ying

Corporate Information

Company Secretary:	Ms. TANG Lo Nar
Authorised Representatives:	Mr. ZHENG Ping Ms. TANG Lo Nar
Audit Committee:	Mr. HE Binhui (<i>Chairman</i>) Ms. GUO Ying Mr. CHEN Lifan
Remuneration Committee:	Ms. GUO Ying (<i>Chairman</i>) Mr. HE Binhui Mr. CHEN Lifan
Nomination Committee:	Mr. CHEN Lifan (<i>Chairman</i>) Mr. HE Binhui Ms. GUO Ying
Hong Kong Share Registrar:	Computershare Hong Kong Investor Services Limited Shops 1712-1716 17/F, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Principal Banker:	China Construction Bank Corporation Shanghai Branch Fengxian Sub-branch 332 Jiefang Zhong Road Nanqiao Town, Fengxian District Shanghai PRC
Stock Code:	1241.HK
Listing Date:	30 June 2011

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Shuanghua Holdings Limited ("Shuanghua" or the "Company"), I am pleased to present to the shareholders of the Company (the "Shareholders") the annual report of the Company and its subsidiaries (the "Group") for the year ended 31 December 2025 (the "Year" or the "Reporting Period").

In 2025, geopolitical risks and global economic volatility persisted, while tariff and non-tariff barriers further heightened uncertainty across global supply chains. The escalation of trade frictions between China and the United States, driven by additional tariffs, has made China's structural challenges, including insufficient effective demand, overcapacity in certain industries, and the transition from old to new growth drivers, even more pronounced. Against this complex and rapidly changing domestic and international environment, the Group's management has remained steadfast in upholding the corporate spirit of 'Innovation, Breakthrough, and Resilience', using our core competitiveness in self-development to hedge against external uncertainties. The Group continued to leverage its core strengths in supply chain management, providing comprehensive, integrated supply chain solutions for the distribution of domestic and overseas high-quality fruits and other agricultural and sideline products, thereby contributing to high-quality regional economic development. Meanwhile, the Group proactively responded to changes by optimising its business structure, strengthening cost and risk controls, seizing market opportunities, and exploring new growth drivers and new productive forces to ensure stable and sustainable business operations.

The Group is committed to becoming a premier provider of safe, healthy, and high-quality products and services, serving the well-being of the people and benefiting human society. Looking ahead, significant uncertainties persist in the international political and economic environment. Under the framework of China's 15th Five-Year Plan, the Group will further consolidate its foundation for business development, enhance cost and risk controls, maximize asset returns, and increase business value. Guided by an open, inclusive, and forward-looking strategic mindset, we will actively capture opportunities arising from changes in consumption and industry, strategically deploy our resources, and expand new growth opportunities and revenue streams in supply chain management, food supply, and green and innovative technology sectors. Through strategic investments, joint ventures, or strategic alliances, we aim to further strengthen our market position and ensure the long-term sustainable development of the Group.

APPRECIATION

On behalf of the Board, I extend our sincere appreciation to our Directors, business partners, management team, and staff for their dedicated efforts, and to our shareholders for their continued trust. With their collective support, we are confident in the Group's ability to make sound strategic decisions, drive sustainable business growth, and deliver lasting value to all Shareholders.

Zheng Ping

Chairman and CEO

Hong Kong
31 March 2026

Management Discussion and Analysis

BUSINESS REVIEW

During the Year, the Group was principally involved in the business of supply chain management based on its own cold storage plant and properties, and the business of food supply on domestic and overseas high-end fruits and other agricultural and sideline products, in joint forces to promote the development of agriculture and people's livelihoods. In 2025, the ongoing geopolitical events such as the Russia-Ukraine conflict and Middle East turmoil, combined with a new round of tariff shocks globally and the intensified Sino-U.S. relations, have brought uncertainty and instability to the global trade environment, with insufficient momentum for world economic growth. Against this backdrop, China's economy continued to face pressures, with weak consumption confidence and expectations, and the industrial sector experienced a downward trend of prices and profitability. According to the National Bureau of Statistics, in 2025, under the implementation of various policies to expand domestic demand and promote consumption, the national Consumer Price Index (CPI) remained flat year-on-year for the full year, but the food CPI within it fell by 1.5% year-on-year; the Producer Price Index (PPI) decreased by 2.6% compared to the same period last year.

Facing the complex and changing internal and external environment, the Group proactively adjusted its business strategies to address the challenges. Due to the persistently weak performance of China's economy and subdued consumer sentiment, end-user demand declined and market prices generally trended downward, which in turn affected the selling prices and sales volumes of the Group's products and services. The Group's supply chain management business is primarily supported by its property assets in Shanghai, China. The Group developed its service model by providing supply chain solutions, while continuously enhancing management and strengthening cost control. However, influenced by policy changes and the domestic and international environment, the vacancy rates of property assets such as cold storage facilities in Shanghai and its surrounding areas increased, and rental levels remained under pressure, resulting in a lower asset utilisation rate compared with the same period last year. In terms of the food supply business, the Group actively promoted product diversification and successfully expanded into new product lines, including meat, fruit juice, and new fruit products such as durian, enriching its product portfolio to meet diversified market demands. Meanwhile, influenced by fluctuations in international trade policies and exchange rates, the Group proactively reduced orders that carried risks and offered limited profitability based on cost and risk control considerations, leading to a decrease in its import business, which accounted for a relatively higher proportion of its operations. In addition, as the sales season for the 2026 Chinese New Year occurred later than in previous years, the sales rhythm of the Group's food supply business was adjusted accordingly. In light of the foregoing, the revenue recognised by the Group in 2025 declined. As a result, for the year ended 31 December 2025, the Group recorded revenue of approximately RMB45.5 million, representing a decrease of approximately RMB37.3 million compared with the previous year.

In summary, under the dual pressures of fluctuations in international trade policies and exchange rates, coupled with the persistent economic downturn and consumption downgrade in China, the selling prices and sales volumes of the Group's products and services were adversely affected. The Group proactively implemented risk control measures and strategic adjustments, including reducing orders with risks and limited profitability and adjusting its sales rhythm, which resulted in a decrease in revenue and a net loss for the Group in 2025. For the year ended 31 December 2025, the Company recorded a loss attributable to its owners of approximately RMB18.8 million, an increase of approximately RMB1.9 million as compared to last year.

OUTLOOK AND STRATEGY

Looking forward to 2026, amidst escalating global trade tensions and persistent geopolitical risks, China's economy remains confronted with multiple challenges, notably subdued consumption and investment demand, alongside a profound adjustment in the property market. As the inaugural year of the 15th Five-Year Plan, the Chinese government has clearly proposed strengthening the domestic economic circulation and expanding new avenues for domestic demand growth. In formulating the Group's business strategies, careful consideration has been given to various factors, including but not limited to the situation of the global political and economic environment, the market potential of the Group's relevant products and services, the Group's position and competitiveness in the relevant market. Leveraging on the substantial experience of its management, and the internal and external resources of the Group, the Group will focus on (i) enhancing the business model to improve the business scale and profitability; and (ii) developing the Group's supply chain business of other products, services and technologies, to foster further expansion and diversification of the Group's businesses. This Group is committed to becoming a premier provider of products and services, with the mission of "serving people's livelihoods and benefiting human society." At the same time, the Group remains committed to driving innovation, cultivating new quality productive forces, and advancing high-quality business development.

Enhancing the business model to improve the business scale and profitability

The Group has a sufficient level of operations and assets of sufficient value to support its operations, and is committed to improving its business scale and profitability. Leveraging its core competencies in the supply chain management, the Group will continue to provide one-stop supply chain solutions. The Group's supply chain management business is primarily based on its property assets in Shanghai, the center of Yangtze River Delta Region and one of the economically leading regions in China. The Group will leverage the geographic advantage of its properties in Shanghai and continue to upgrade the properties to suit different needs of the supply chain management business. Simultaneously, the Group will consider replicating its supply chain management expertise through an asset-light model by leasing additional cold storage facilities or warehouses in different locations in China, enabling horizontal expansion of the supply chain management business. Additionally, the Group is dedicated to further increasing the revenue scale and profitability of the food supply business. Efforts will be made on both the supply and sales fronts to enhance its business model and diversify its product portfolio, while continuously developing its upstream and downstream resources for new product lines such as meat and fruit juice products. Furthermore, the Group will actively explore overseas opportunities, exporting high-quality products and supply chain capabilities to other markets, thereby fostering a new development paradigm with domestic and international economic circulations reinforcing each other.

Driven by prudence and quality development, "Shuanghua (雙樺)" is striving to build a sustainable brand in the supply chain and cold chain industry. The brand of "Longhuazhen (龍樺臻)" is committed to becoming a benchmark brand of agricultural and sideline products that leads a quality life, conveying a longing and pursuit of a fresh and healthy lifestyle. The Group will continue to enhance the brand awareness and brand value of "Shuanghua(雙樺)" and "Longhuazhen(龍樺臻)" through quality products and services, thereby promoting the long-term sustainable development of the Group's businesses.

Management Discussion and Analysis

Developing the Group's supply chain business of other products, services and technologies, to foster further expansion and diversification of the Group's businesses

The Group actively seeks supply chain services to include products, services and technologies in the fields of innovative technology and green and energy saving businesses. This initiative is a proactive response to shifts in market structural demand. The management is committed to exploring new development opportunities, laying a solid foundation for diversification and further expansion of the Group's businesses, and creating more value to the Shareholders and the society.

The Group will continue to conduct comprehensive evaluations on the market conditions of different business segments and be prudent in adjusting the Group's strategies and business plans in a timely manner, and manage and develop its existing businesses and expand potential businesses, to achieve a sustainable business development. The Group will continue to create competitive advantages and control potential risks timely, to become a leading listed company with sustainable growth, driven by its professional management and expertise, business cooperation and advanced technological strengths and capabilities.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2025, the Group's revenue was approximately RMB45.5 million, a decrease of approximately RMB37.3 million from that of the corresponding period of 2024, which was approximately RMB82.8 million.

The following table sets forth the breakdown of the Group's revenue by business segments during the Reporting Period:

Revenue	For the year ended 31 December			
	2025		2024	
	RMB'000	% of revenue	RMB'000	% of revenue
Supply chain management business	11,287	24.8%	20,933	25.3%
Food supply business	34,172	75.2%	61,845	74.7%
Total	45,459	100.0%	82,778	100.0%

Gross (loss)/profit and gross margin

For the year ended 31 December 2025, the Group recorded a gross loss of approximately RMB0.6 million (for the year ended 31 December 2024: gross profit of approximately RMB2.3 million). The Group's gross margin was approximately -1.3% for the year ended 31 December 2025, and the gross margin was approximately 2.8% for the year ended 31 December 2024. The gross loss was primarily attributable to the overall weak Chinese economy and subdued consumer sentiment, which led to a decline in end-user demand and a downward trend in market prices, thereby increasing the cost per unit and giving rise to the gross loss.

Management Discussion and Analysis

The following table sets forth the breakdown of the Group's gross (loss)/profit by business segments during the Reporting Period:

Gross (loss)/profit	For the year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Supply chain management business	(163)	4,945
Food supply business	(442)	(2,636)
Total	(605)	2,309

Other income, gains and losses

For the year ended 31 December 2025, the Group's other income, gains and losses amounted to approximately RMB3.7 million (for the year ended 31 December 2024: approximately RMB6.7 million). The other income, gains and losses was mainly due to equipment optimisation and exchange loss arising from the depreciation of US dollar against RMB during the year.

Impairment reversals/(losses) recognised on trade receivables, other receivables and other assets

For the year ended 31 December 2025, the Group's reversals of impairment losses recognised on trade receivables, other receivables and other assets amounted to approximately RMB3.6 million (for the year ended 31 December 2024: impairment losses of approximately RMB5.4 million).

Selling and distribution costs

Selling and distribution costs primarily comprised of staff-related costs, sales transportation fees, entertainment and travelling expenses. For the year ended 31 December 2025, the Group's selling and distribution costs amounted to approximately RMB1.4 million, a decreased by approximately RMB0.5 million, mainly due to workforce optimisation and reduction of travelling expenses compared to last year (for the year ended 31 December 2024: approximately RMB1.9 million).

Administrative expenses

Administrative expenses primarily comprised of staff-related costs, various local taxes and education surcharges, depreciation of property, plant and equipment and right-of-use assets, R&D expenses and miscellaneous expenses. For the year ended 31 December 2025, the Group's administrative expenses amounted to approximately RMB17.2 million, decreased by approximately RMB0.8 million as compared to last year (for the year ended 31 December 2024: approximately RMB18.0 million), mainly due to the provision for impairment of property, plant and equipment.

Management Discussion and Analysis

Interest expense

The Group's interest expense for the year ended 31 December 2025 amounted to approximately RMB16,000 (for the year ended 31 December 2024: approximately RMB16,000).

Income tax (credit)/expense

For the year ended 31 December 2025, the Group's income tax credit was approximately RMB0.5 million (for the year ended 31 December 2024: income tax expense approximately RMB0.6 million).

Loss for the Year

For the year ended 31 December 2025, the loss attributable to the owners of the Company was approximately RMB18.8 million, while the loss attributable to the owners of the Company for the year ended 31 December 2024 was approximately RMB16.9 million.

LIQUIDITY AND FINANCIAL RESOURCES

Net current assets

The Group's net current assets decreased from approximately RMB89.7 million as at 31 December 2024 to approximately RMB88.0 million as at 31 December 2025.

Financial position and bank borrowings

As at 31 December 2025, the Group's cash and cash equivalents and financial assets at fair value through profit or loss amounted to approximately RMB87.3 million (as at 31 December 2024: approximately RMB88.2 million). As at 31 December 2025 and 2024 the Group did not have any borrowings. The gearing ratio was not applicable to the Group (as at 31 December 2024: nil).

Save as aforesaid or otherwise disclosed in the notes to the financial statements, and apart from intra-group liabilities, as at 31 December 2025, the Group did not have any outstanding mortgages, charges, debentures, debt securities or other loan capitals or bank overdrafts or loans or other similar indebtedness or finance lease commitments, liabilities under acceptances or acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities.

The Directors have confirmed that there has not been any material change in the indebtedness and contingent liabilities of the Group since 31 December 2024.

Working capital

(All amounts in this section were net of provisions for impairment of inventories and trade receivables)

Management Discussion and Analysis

For the year ended 31 December 2025, the average inventory turnover days were 2 days (for the year ended 31 December 2024: 5 days). The average inventory turnover days are arrived at by dividing the arithmetic means of the opening and ending balances of inventory for the relevant period by cost of sales of the same period and multiplying the quotient by 365 days. The average inventory turnover days was similar to that of last year.

For the year ended 31 December 2025, the average turnover days of trade and bills receivables were 163 days (for the year ended 31 December 2024: 129 days). The average turnover days of trade and bills receivables are arrived at by dividing the arithmetic means of the opening and ending balances of trade and bills receivables for the relevant period by revenue of the same period and multiplying the quotient by 365 days. The increase in the average turnover days of trade and bills receivables was mainly attributable to the longer credit term the Group provided to some of its major customers with better credibility and business prospects.

For the year ended 31 December 2025, the average turnover days of trade payables were 90 days (for the year ended 31 December 2024: 67 days). The average turnover days of trade payables are arrived at by dividing the arithmetic means of the opening and ending balances of trade payables for the relevant period by cost of sales of the same period and multiplying the quotient by 365 days. The increase in the average turnover days of trade payables was mainly due to the longer payment terms the Group negotiated with some of its suppliers in order to optimise the Group's cash flow.

CAPITAL EXPENDITURES, CAPITAL COMMITMENTS AND HUMAN RESOURCES

For the year ended 31 December 2025, the Group's capital expenditures were approximately RMB1.7 million, mainly due to upgrade and construction of the Group's property, plant and equipment (for the year ended 31 December 2024: approximately RMB1.2 million).

At 31 December 2025, the Group had no capital commitments (as at 31 December 2024: approximately RMB7.3 million).

As at 31 December 2025, the Group had 37 employees, including Directors, management, sales, logistics supports and other ancillary personnels (as at 31 December 2024: 48). The decrease in employees was mainly due to internal structural optimisation of personnel and implementation of the Group's more advanced management system and equipment to reduce the need for manpower as a result of the adjustment and optimisation of the Group's business. The Group's total wages and salaries (excluding Directors' and chief executives' remuneration) for the year ended 31 December 2025 amounted to approximately RMB4.1 million (for the year ended 31 December 2024: approximately RMB4.2 million). Our remuneration policy is primarily based on the job responsibilities, work performance and number of years of service of each employee and the current market conditions. The Group may provide incentives to talents by granting them share options pursuant to the share option scheme of the Company.

Pursuant to the relevant China labour laws and regulations, the Group has to pay contributions to a number of staff social insurance schemes (including medical, maternity, work injury, unemployment and pension insurances) and staff housing reserve funds. We provide social insurances and pay contributions to housing reserve funds for our employees in accordance with the interpretations to the relevant PRC labour laws and regulations given, and policies and measures executed by local government departments. We have established various welfare plans including the provision of pension funds, medical insurance, unemployment insurance and other relevant insurance for employees who are employed by the Group pursuant to the PRC laws and regulations and the existing policy requirements of the local government. The Group's welfare expenses for the year ended 31 December 2025 amounted to approximately RMB0.9 million (for the year ended 31 December 2024: approximately RMB0.8 million). We have complied, in all material respects, with all statutory requirements on retirement contribution in the jurisdictions where the Group operates.

Management Discussion and Analysis

The determination of the remuneration for the Directors is based on remuneration of directors of comparable companies in the industry, time commitment, duties and responsibilities of the Directors in the Group and our operational and financial performance. The basic salary of each of our executive and non-executive Directors will be reviewed by the remuneration committee of the Board (“Remuneration Committee”) at the end of each financial year. None of the Directors waived any emoluments during the year ended 31 December 2025.

DEFINED CONTRIBUTION RETIREMENT PLAN

The Group’s PRC subsidiaries are required to participate in a defined contribution retirement plan administered and operated by the local municipal government for its employees. The Group’s PRC subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the plan to fund the retirement benefits of the employees.

During the Year, there is no forfeited contribution (by the Group on behalf of its employees who leave the Group prior to vesting fully in such contributions) available to be utilised by the Group to reduce the contributions payable in the future years or to reduce the Group’s existing level of contributions to the defined contribution retirement plan.

Significant investment, material acquisitions and disposals

For the year ended 31 December 2025, the Group did not have any significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures, and has no future plans for material investments or capital assets as at the date of this annual report.

Foreign exchange risks

The Group’s operations are located in the PRC with RMB as the functional and presentation currency. The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the unit’s functional currency. The currency exposure of the Group mainly comes from fluctuations in the exchange rates of HKD to RMB and USD to RMB. At present, the Group does not intend to hedge its exposure to foreign exchange fluctuations. However, the management constantly monitors the situation of the economy and the Group’s foreign exchange risk profile and will consider appropriate hedging measures in the future when necessary.

Contingent liabilities

The Group had no significant contingent liabilities as at 31 December 2025 (as at 31 December 2024: nil).

Pledge of assets

As at 31 December 2025, the Group had no pledge of assets (as at 31 December 2024, the Group had no pledge of assets).

SHARE OPTION SCHEME

In light of the expiry of the share option scheme which was adopted on 8 June 2011 (became effective on 29 June 2011) and expired on 29 June 2021, the Company adopted a new share option scheme on 30 June 2022 (the “2022 Share Option Scheme”) to enable the Company to grant options to eligible participants as incentives or rewards for their contributions to our Group.

Management Discussion and Analysis

The maximum number of shares of the Company (the “Shares”) which may be issued upon exercise of all options granted and to be granted under the 2022 Share Option Scheme is 65,000,000 Shares, representing 10% of the Shares of the Company in issue as at the date of adoption of the 2022 Share Option Scheme. The maximum number of Shares issuable under share options granted to each eligible participant in the 2022 Share Option Scheme (including both exercised and outstanding options) within any 12-month period is limited to 1% of the Shares in issue. Any grant or further grant of share options in excess of this limit is subject to Shareholders’ approval in a general meeting. Eligible participants of the 2022 Share Option Scheme include any full-time or part-time employees, executives or officers (including executive and non – executive Directors, but excluding independent non-executive Directors) of the Company or any of the subsidiaries of the Company, as absolutely determined by the Board.

The 2022 Share Option Scheme is valid and effective for a period of 10 years commencing from the approval of the 2022 Share Option Scheme at the 2021 annual general meeting of the Company held on 30 June 2022. As at 31 December 2025, the remaining life of the 2022 Share Option Scheme is approximately six and a half years. The exercise period of any option granted under the 2022 Share Option Scheme must not be more than ten years commencing from the date of grant. The acceptance of an offer of the grant of the option must be made within 28 days from the date of grant with a non-refundable payment of HKD1.00 from the grantee. A grant of share options under the 2022 Share Option Scheme to a Director, chief executive or substantial Shareholder of the Company, or to any of their associates, is subject to approval in advance by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option). In addition, any share options granted to a substantial Shareholder or an independent non-executive Director of the Company, or to any of their associates, which would result in the Shares issued and to be issued, upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding), to such person in the 12-month period up to and including the date of the grant in excess of 0.1% of the Shares in issue and with an aggregate value (based on the closing price of the Shares at the date of grant) in excess of HK\$5 million, are subject to Shareholders’ approval in advance in a general meeting. The exercise period of the share options granted is determined by the Directors, save that such a period shall not be more than 10 years from the date of offer of the share options and subject to the provisions for early termination as set out in the 2022 Share Option Scheme. There is no requirement of a minimum period for which an option must be held before it can be exercised. The subscription price for a Share in respect of any particular option granted under the 2022 Share Option Scheme (subject to adjustments upon capital restructuring) shall be such price as the Board in its absolute discretion shall determine, save that such price must not be less than the highest of (i) the official closing price of the Shares as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on the date of offer to grant option; (ii) the average of the official closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange for the five business days immediately preceding the date of offer to grant option; and (iii) the nominal value of a Share.

No share options have been granted under the 2022 Share Option Scheme since it became effective. During the year ended 31 December 2025, no share options were granted, exercised, lapsed or cancelled, and as at 31 December 2025, no options under the 2022 Share Option Scheme were outstanding. As at the date of this annual report, the total number of shares available for issue under the 2022 Share Option Scheme was 65,000,000 Shares, representing 10% of the issued share capital of the Company as at the date of this annual report. The number of options available for grant under the 2022 Share Option Scheme as at 31 December 2025 was 65,000,000.

Management Discussion and Analysis

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

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale or transfer of treasury Shares (as defined in Rule 1.01 of the Listing Rules), if any) during the year ended 31 December 2025. As of 31 December 2025, the Company did not hold any treasury Shares.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (for the year ended 31 December 2024: nil).

MATERIAL EVENTS AFTER THE REPORTING PERIOD

The Group has no significant events after the Reporting Period that needs to be disclosed.

Report of the Directors

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of its subsidiaries which, in the opinion of the Directors, principally affected the results for the Year or formed a substantial portion of the net assets of the Group, are set out in Note 33 to the consolidated financial statements. There was no significant change in its activities during the Year.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2025 as well as a discussion on the Group's future business development are set out in the sections headed "Chairman's Statement" on page 4 and "Management Discussion and Analysis" on pages 5 to 13 of this annual report.

SEGMENT INFORMATION

The Group's operating segment information, including the geographical information and the information about major customers, are set out in Note 6 to the consolidated financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors are aware that a number of factors may affect the results and operation of the Group, including those which are specific to the Group or the industries in which the Group operates and those that are common to most of other businesses. Risk management and control are of great significance to the Group's long-term stable development, the management will continuously identify and monitor if there is any significant risk which may adversely affect the Group's performance and will immediately take measures if necessary.

Major risks are summarised below and are by no means exhaustive or comprehensive, and there may be other risks, in addition to those shown below, which are not known to the Group or which may not be material now but could turn out to be material in the future.

Macroeconomic environment and market risks

The slowdown in global economic growth, change of market landscape or other uncertainties such as geopolitical situation may result in decline in demand and price for the Group's products, services or technologies. It deteriorates profitability or affects ability to meet business objectives. The management of the Group manages and monitors such risks to ensure appropriate measures are implemented on a timely and effective manner.

Policy and regulatory risks

The issued environmental protection regulations such as carbon neutralisation and carbon emission, may prompt relevant government agencies to introduce stricter environmental protection policies. Meanwhile, policy changes in inspection and quarantine standards, tariff levels, trade barriers, and other aspects by Chinese and global governments, which will affect the Group's supply chain management business and the food supply business to a certain extent.

Report of the Directors

Intense competition

Competition takes place when companies compete for market share, sales and profitability, and so forth. The Group operates in a industry and market with a large number of domestic, overseas and other potential competitors, and the Group faces price pressure, excessive marketing, customer acquisition and other types of competition. While economy of scale has expanded the scale of production, it has also caused overcapacity in the industry, leading to price cuts and competitive selling. The management of the Group is aware of such keen competition and will constantly review and adjust the Group's sales and marketing strategies and respond to market competition in a timely manner to ensure the sustainable development of the Group.

Operational risks

Operational risks refer to the risks of loss due to insufficient or missing internal procedures, personnel, systems, or external events. Key functions in the Group are guided by their standard operating procedures, limits of authority and reporting structure. The Group's management will identify and assess key operational risks regularly so that appropriate risk response can be taken.

Financial risks

The Group is exposed to financial risks, such as credit risks, foreign exchange risks and liquidity risks. The Group reviews regularly and manages its capital structure to maintain a sound capital position. For details of the Group's management policies on foreign exchange risks, please refer to page 11 of this annual report.

ENVIRONMENTAL POLICY

The Group is committed to support the environmental sustainability. Our commitment to protect the environment is well reflected by our continuous efforts in promoting green measures and awareness in our daily business operations. The Group encourages environmental protection and promote awareness towards environmental protection to the employees.

The Group adheres to the principle of recycling and waste reduction, and implements green office practices such as double-sided printing and copying, setting up recycling bins, promoting the use of recycled papers and reducing energy consumption by switching off idled lightings and electrical appliances.

Our Group will review its environmental practices from time to time and will consider implementing further eco-friendly measures in the operation of our Group's businesses to enhance environmental sustainability.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Year, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

Report of the Directors

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Employees

Employees are regarded as one of the most important and valuable assets of the Group. The Group strives to reward and recognise performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression by providing appropriate training and opportunities within the Group for career advancement.

Customers and suppliers

The Group attaches importance to the relationship with its customers and suppliers. For the food supply business, the Group has cultivated enduring trust-based partnerships with domestic and overseas suppliers such as farms and packaging facilities and clients such as chain supermarkets, e-commerce and live-stream platforms through stringent quality control measures and a win-win philosophy; for the supply chain management business, the Group has actively developed and maintained friendly cooperative relations with existing and potential customers, and has cooperated with most of its major customers and suppliers for more than three years; and for the past automobile parts business, the Group has cooperated with most of its major customers and suppliers for more than five years.

RESULTS AND DIVIDENDS

The financial performance of the Group for the year ended 31 December 2025 and the financial position of the Group as at that date are set out in the financial statements on pages 63 to 118 of this annual report. The Directors do not recommend payment of any final dividend in respect of the year ended 31 December 2025 (for the year ended 31 December 2024: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Year are set out in Note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of the Company's share capital during the Year are set out in Note 27 to the consolidated financial statements.

During the year ended 31 December 2025, the Group did not hold or sell any treasury Shares.

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company's distributable reserves calculated under Companies Law of the Cayman Islands comprising the share premium and retained profits amounted to approximately RMB119.4 million.

RESERVES

Details of movements in the reserves of the Company and the Group during the Year are set out in Note 39 to the consolidated financial statements and in the consolidated statement of changes in the equity, respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's existing third amended and restated articles of association (the "Articles of Association") and there was no restriction against such rights under the laws of Cayman Islands.

Report of the Directors

DIRECTORS

The Directors of the Company during the Year and up to the date of this annual report were:

Executive Directors

Mr. Zheng Ping (*Chairman & Chief Executive Officer*)

Ms. Zheng Fei

Ms. Tang Lo Nar

Non-executive Director

Ms. Kong Xiaoling

Independent Non-executive Directors

Mr. He Binhui

Mr. Chen Lifan

Ms. Guo Ying

In accordance with article 84 of the Articles of Association, Mr. Zheng Ping, Mr. Chen lifan and Ms. Guo Ying will retire by rotation at the forthcoming annual general meeting and, being eligible, had offered themselves for re-election as Directors.

DIRECTORS' SERVICES CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than the statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

The Directors' interests in contracts are set out in Note 32 to the consolidated financial statements. Apart from the foregoing, no transaction, arrangement or other contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

MANAGEMENT CONTRACTS

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of Directors and senior management are set out on pages 23 to 25- of this annual report.

CONNECTED TRANSACTIONS

For the year ended 31 December 2025, the following connected transactions were, and will continue to be, carried out by our Group in the ordinary and normal course of business, on either normal commercial terms or terms no less favorable to our Group than those available from independent third parties.

Report of the Directors

Lease of office premises

Since 1 January 2011, the Group has leased its three office premises located in Shanghai from Shanghai Automart Investment Co., Ltd. (“Shanghai Automart”). On 12 February 2014, three subsidiaries of the Company, namely Shanghai Shuanghua Autoparts Co., Ltd. (“Shuanghua Autoparts”), Shanghai Youshen Industry Co., Ltd. (“Youshen Industry”) and Shanghai Shuanghua Auto Component Co., Ltd. (“Shuanghua Auto Components”), as lessees, entered into the Lease Renewal Agreements with Shanghai Automart, as the lessor, in respect of the office premises for a further term of two years from 1 January 2014 to 31 December 2015, the annual caps were set at RMB2,000,000. The above Lease Agreements were further renewed on 11 December 2015 to cover the period from 1 January 2016 to 31 December 2018 with similar terms and less floor areas. On 20 November 2018, Shuanghua Autoparts, as lessee, entered into a lease agreement with Shanghai Automart, as lessor, in respect of the leasing of the office premises for an initial term of three years from 1 January 2019 to 31 December 2021. On 30 August 2019, Shuanghua Autoparts entered into a supplemental lease agreement with Shanghai Automart to reduce the floor area and shorten the lease period to the end of 2020 such that it would have a chance to re-evaluate its leasing options and budget after another year. On 6 November 2020, Shuanghua Autoparts, as lessee, entered into a lease agreement with Shanghai Automart, as lessor, in respect of the leasing of the office premises for a term of two years from 1 January 2021 to 31 December 2022. On 25 November 2022, Shuanghua Autoparts, as lessee, entered into a lease agreement with Shanghai Automart, as lessor, in respect of the leasing of the office premises for a term of two years from 1 January 2023 to 31 December 2024. For details of these lease agreements, please refer to the Company’s prospectus dated 17 June 2011 and the annual reports from 2012 to 2024.

Upon expiry of the above lease agreements, according to the operation conditions and daily office need, on 24 October 2024, the subsidiary of the company, Shanghai Longhua Food Co., Ltd., as lessee, entered into a lease agreement with Shanghai Automart, as lessor, in respect of the leasing of the office premises for a term of two years from 1 January 2025 to 31 December 2026. On 1 July 2025, in consideration of cost planning, the aforementioned lease agreement was terminated through amicable negotiation with Shanghai Automart. Shuanghua Autoparts subsequently entered into a new lease agreement with Shanghai Automart, with the lease term commencing on 1 July 2025 and ending on 31 December 2026 (the “Lease Agreement”). During the Year, the Group has paid rental of approximately RMB0.6 million to Shanghai Automart.

Shanghai Automart is held as to 58% by Ms. Kong Xiaoling, the non-executive Director of the Company. Therefore, Shanghai Automart is an associate of Ms. Kong and a connected person of the Company as defined under Chapter 14A of the Listing Rules. As the applicable percentage ratio in respect of the value of the right-of-use asset recognised under the Lease Agreement is less than 5% and the total consideration is less than HK\$3 million, the transactions under the Lease Agreement constituted a fully exempted continuing connected transaction of the Company under Rule 14A.76(1) of Chapter 14A of the Listing Rules.

The headquarter of the Group is based in Shanghai and needs these premises for its operations. The Directors are of the view that substantial time and costs can be saved if the Group can remain in its existing office premises instead of moving to another office building. The Directors (including the independent non-executive Directors) consider that the connected transaction under the Lease Agreement has been entered into: (1) in the ordinary and usual course of the Group’s business; (2) on normal commercial terms or better; and (3) on terms that are fair and reasonable and in the interests of the Company and Shareholders as a whole.

Details of the related party transactions of the Group are set out in Note 32 to the consolidated financial statements. The Directors (including the independent non-executive Directors) believe that the related party transactions set out in Note 32(a) to the consolidated financial statements are carried out in the ordinary course of business and on normal commercial terms, and the related party transactions set out in Note 32(b) do not constitute connected transactions or continuing connected transactions as defined under Chapter 14A of the Listing Rules. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the related party transactions.

Report of the Directors

During the Year, save as disclosed above, no other transactions listed in Note 32 to the consolidated financial statements constituted a connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules.

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

As at 31 December 2025, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO); or which were required to be recorded in the register kept by the Company under Section 352 of SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in the Appendix C3 to Listing Rules were as follows:

Long positions in the Shares

As at 31 December 2025, the issued share capital of the Company comprised 650,000,000 Shares.

Name of Directors	Number of Shares			Total	Percentage of issued share capital
	Personal interests	Family interests	Corporate interests		
Mr. Zheng Ping (<i>note 1</i>)	–	–	282,750,000	282,750,000	43.5%
Ms. Kong Xiaoling (<i>note 2</i>)	–	282,750,000	–	282,750,000	43.5%

Notes:

1. Mr. Zheng Ping is an executive Director and holds 100% interest in Youshen International Group Limited ("Youshen Group") and he is deemed to be interested in the 282,750,000 Shares held by Youshen Group.
2. Ms. Kong Xiaoling is a non-executive Director and the spouse of Mr. Zheng Ping. Accordingly, Ms. Kong is deemed to be interested in the 282,750,000 Shares held by Youshen Group under the SFO.

Save as disclosed above, as at 31 December 2025, none of the Directors nor the chief executive of the Company had any interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Report of the Directors

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 31 December 2025, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in the Shares

As at 31 December 2025, the issued share capital of the Company comprised 650,000,000 Shares.

Name	Capacity	Nature of interest	Number of Shares	Percentage of issued share capital
Youshen Group (<i>note 1</i>)	Beneficial owner	Corporate	282,750,000	43.5%
Ms. Zhou Shu Xian	Beneficial owner	Individual	120,160,000	18.5%
Mr. Xu Zong Lin	Beneficial owner	Individual	59,144,000	9.1%

Note:

1. Mr. Zheng Ping is an executive Director and holds 100% interest in Youshen Group and he is deemed to be interested in the 282,750,000 Shares held by Youshen Group. Ms. Kong Xiaoling is the spouse of Mr. Zheng and she is deemed to be interested in the 282,750,000 Shares held by Youshen Group under the SFO.

Save as disclosed, as at 31 December 2025, the Directors were not aware of any persons (not being a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACT OF SIGNIFICANCE

Save as disclosed in this annual report, no controlling shareholders of the Company or their subsidiaries had a material interest, either directly or indirectly, in any contract of significance, whether for the provision of services or otherwise, to the Group to which the Company or any of its subsidiaries was a party during the Year.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of revenue for the Year attributable to the Group's major customers are as follows:

Sales

– the largest customer	47.3%
– five largest customers combined	90.24%

All of the five largest customers have been customers of the Group for more than one year. The credit period for trade receivables is generally 30 to 90 days. For the year ended 31 December 2025, there was no recoverability issue with the five largest customers.

Report of the Directors

The percentages of purchases for the Year attributable to the Group's major suppliers are as follows:

Purchases	
– the largest supplier	29.8%
– five largest suppliers combined	35.4%

The suppliers generally provide a credit period for 30 to 90 days to the Group. For the year ended 31 December 2025, the Group did not have any major dispute with the five largest suppliers.

None of the Directors, any of their associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued Shares, excluding treasury Shares, if any) had any beneficial interest in any of the five largest customers and suppliers of the Group for the year ended 31 December 2025.

NEW SUBSIDIARY

For the year ended 31 December 2025, the Group has not established any new subsidiary.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this annual report, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that there is sufficient public float of more than 25% of the Company's issued Shares as required under the Listing Rules.

INTEREST CAPITALISED

The Group has not capitalised any interest during the Year.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company confirmed that annual confirmations of independence were received from each of the independent non-executive Directors and all independent non-executive Directors are considered to be independent.

Report of the Directors

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors nor their respective associates is interested in any business that competes or is likely to compete, either directly or indirectly, with the business of the Group.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the year ended 31 December 2025 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 120 of this annual report.

AUDITOR

The financial statements of the Group prepared in accordance with the Hong Kong Financial Reporting Standards for the year ended 31 December 2025 have been audited by BDO Limited, who will retire and offer for re-election at the forthcoming annual general meeting. BDO Limited have expressed their willingness to accept re-appointment as Auditor.

On behalf of the Board

Zheng Ping

Chairman and CEO

Hong Kong

31 March 2026

Biography of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Zheng Ping (鄭平), aged 68, is an executive Director, the chairman (the “Chairman”) and the chief executive officer (the “CEO”) of the Company. Mr. Zheng is the founder of our Group and joined our Group in 2002. He was appointed to the Board on 19 November 2010. Mr. Zheng is primarily responsible for reviewing and implementing our Group’s overall development strategy. From 1990 to 1993, he worked as vice general manager in Fuzhou Far East Auto Parts Company Limited (福州遠東汽車配件有限公司), the business scope of which is mainly manufacture of auto parts. From 1994 to 2001, he was a director and the general manager of Shanghai Youshen International Trade Company Limited (上海友申國際貿易有限公司), the business scope of which is mainly international trade and trade consultancy. From 2002 to 2008, Mr. Zheng served as the director of Automart Holdings Limited. In 2005, Mr. Zheng was appointed as the chairman of Shanghai Automart and the chairman and general manager of Shuanghua Autoparts. Since 2007, Mr. Zheng has been serving as the chairman of the board of directors and general manager of Shuanghua Autoparts. Mr. Zheng obtained his bachelor’s degree in Electrical Combustion Management from the Navy Engineering University of the People’s Liberation Army of China (中國人民解放軍海軍工程大學) and was the teacher of the power plant department of the University from 1983 to 1990. Mr. Zheng is the spouse of the Company’s non-executive Director, Ms. Kong Xiaoling, and father of the executive Director and vice president, Ms. Zheng Fei.

Ms. Zheng Fei (鄭菲), aged 36, is an executive Director and the vice president of the Company. She joined our Group in 2014 and was appointed to the Board on 19 July 2017. Ms. Zheng is primarily responsible for monitoring the business operations of the Group, reviewing and implementing the Group’s strategies and policies while in pursuit of the Group’s strategic objectives. Since 2014, Ms. Zheng has been involved in assisting the core business of the Group, including sales and distribution, procurement, accounting and finance, corporate management, human resources and operational departments. Ms. Zheng worked as the investment manager of Fu Woo International Limited (富和國際有限公司) from 2012 to 2013, and was responsible for commodity trading and foreign investments. Ms. Zheng received her bachelor’s degree in Economics from the University of Chicago (美國芝加哥大學). She interned and worked in major investment banks from 2009 to 2012, dealing with capital markets, investment research and asset management related matters in the Asia Pacific region. Ms. Zheng is the daughter of Mr. Zheng Ping, who is the Chairman, executive Director and controlling Shareholder, and Ms. Kong Xiaoling, the non-executive Director.

Ms. Tang Lo Nar (鄧露娜), aged 53, is an executive Director, the chief financial officer and the company secretary of the Company. She joined our Group in 2011, and was appointed to the Board in April 2012. She acted as the independent non-executive director of a Hong Kong Main Board listed company, namely Ganglong China Property Group Limited (stock code: 6968) from May 2020 to June 2025. Ms. Tang was the company secretary of two Hong Kong Main Board listed companies for the periods from 31 December 2008 to 1 April 2010 and from 12 January 2009 to 1 April 2010, respectively, the company secretary of a Hong Kong Main Board listed company from 2 March 2012 to 10 October 2014, and has been the company secretary of a Hong Kong GEM Board listed company from September 2018 to March 2021. She is a Fellow of the Association of Chartered Certified Accountants and a member of Hong Kong Institute of Certified Public Accountants, the Hong Kong Chartered Governance Institute. Ms. Tang obtained a master’s degree in Applied Finance from University of Western Sydney in 2004, a master’s degree in English for Professions from The Hong Kong Polytechnic University in 2002, and a bachelor’s degree in Accountancy from The Hong Kong Polytechnic University in 1995. Ms. Tang has over 20 years of experience in accounting, tax, audit, company secretarial and finance. From 1995 to 2004, Ms. Tang worked in leading accounting firms, handling various matters of accounting, tax and audit matters. Since 2005, Ms. Tang began her own business by establishing a private company in Hong Kong to provide accounting, management consultancy, tax planning and company secretarial services.

Biography of Directors and Senior Management

NON-EXECUTIVE DIRECTOR

Ms. Kong Xiaoling (孔小玲), aged 65, is a non-executive Director. Ms. Kong joined the Group in 2007 and was appointed to the Board on 8 June 2011. Ms. Kong is primarily responsible for supervising and providing advice to the Board. From 1983 to 1996, she worked in Wuhan City Automation Meter Factory (武漢市自動化儀錶廠) as technician of technology introduction office. From 1997 to 2004, Ms. Kong worked in Shanghai Youshen International Trade Company Limited (上海友申國際貿易有限公司), the business scope of which is mainly international trade and trade consultancy as director. From 2000 to 2007, she worked in Shanghai Zhong Zhi Trade Development Co., Ltd. (上海眾智貿易發展有限公司) as vice general manager. From 2007 to now, she has been appointed as the director of Shuanghua Autoparts. From 1980, Ms. Kong studied on a full-time basis in Huazhong College of Technology (華中工學院) (currently known as Huazhong University of Science and Technology (華中科技大學)) and obtained her diploma majoring in Detection Technology and Automatic Meter in 1983. She is the spouse of the Chairman and executive Director, Mr. Zheng Ping, and mother of the executive Director and vice president, Ms. Zheng Fei.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. He Binhui (何斌輝), aged 57, joined the Group in 2007 and was appointed as an independent non-executive Director on 8 June 2011. Mr. He is also a member of the remuneration committee and the nomination committee, and the chairman of the audit committee of the Board. He has been acting as the independent director of the following companies which are listed on the Shanghai Stock Exchange: (i) Jiangsu Bioperfectus Technologies Co., Ltd. (江蘇碩世生物科技股份有限公司) (stock code: 688399) since June 2019; (ii) KraussMaffei Company Limited (克勞斯瑪菲股份有限公司) (stock code: 600579) since November 2020. During 2000 to 2009, he served as the head of capital market department and the general manager of the investment banking department of Shanghai office of China Galaxy Securities Co., Ltd. (中國銀河證券有限責任公司). In 2007, he joined Shuanghua Autoparts as independent director. Since December 2009, he has been serving as the general manager assistant and the general manager of investment banking department of Cai Tong Securities Co. (財通證券有限公司). From 1987 to 1991, he studied Mathematics on a full-time basis in the Ningbo University (寧波大學) and obtained his bachelor's degree majoring in Science in 1991. From 1993 to 1996, he studied on a full-time basis in the Hangzhou Electronic Industry University (杭州電子工業學院) (currently known as Hangzhou Dianzi University (杭州電子科技大學)) and obtained his master's degree of Economics majoring in Accounting in 1996. He was qualified as auditor in 1997 by Beijing Institute of Chartered Accountants (北京註冊會計師協會). Since July 2016, Mr. He has been the managing director of CMB International Capital Management (Shenzhen) Co., Ltd. (招銀國際資本管理有限公司) and chairman of Shenzhen Merchants Bank Synergetic Innovation Fund Management Co., Ltd. (招銀協同基金管理有限公司董事長).

Mr. Chen Lifan (陳禮璠), aged 86, joined the Group and was appointed as an independent non-executive Director on 8 June 2011. Mr. Chen is also a member of the audit committee and remuneration committee, and the chairman of the nomination committee of the Board. From 1957 to 1962, he studied on a full-time basis in the Jilin University of Technology and obtained his bachelor's degree majoring in automobile application engineering in 1962. From 1983 to 1985, he studied as a visiting scholar at the Institute of Vehicle Engineering at the Technical University of Berlin in Germany (德國柏林工業大學車輛工程研究所). In 2008, he attended and completed the training programme for independent executive directors hosted by Shenzhen Stock Exchange (深圳證券交易所). He worked as a professor and doctoral supervisor in the School of Automobile of Jilin University of Technology (吉林工業大學汽車學院), Jiaotong University (交通學院) and School of Automobile Engineering of Tongji University (同濟大學汽車工程學院), CDHK (中德學院) and CDHAW (中德工程學院) and has over 40 years' experience in automobile engineering.

Biography of Directors and Senior Management

Ms. Guo Ying (郭滢), aged 45, joined the Group on 19 July 2017 and was appointed as an independent non-executive Director on 19 July 2017. Ms. Guo is also a member of the nomination committee and audit committee, and the chairman of the remuneration committee of the Board. Ms. Guo gained the bachelor's degree in finance from Hubei University (湖北大學) in 2002, received full time education in finance at Saint Mary's University (加拿大聖瑪麗大學) in 2005 and was granted a master degree in finance in 2007. Ms. Guo was a trader of Haitong Securities Co. Limited from 2002 to 2003, a sales trader of BOC International (China) Limited from 2008 to 2013, a trader of China International Capital Corporation (H.K.) Limited from 2015 to 2016, a head of trading of Harmony Capital Group Limited from 2016 to 2022, and has been the portfolio manager of Chiyu Asset Management Limited since 2023.

SENIOR MANAGEMENT

Mr. Zheng Ping (鄭平), aged 68, is an executive Director, the Chairman and the CEO. Biographical details of Mr. Zheng are set out in the paragraph headed "Executive Directors" under this section of this annual report.

Ms. Zheng Fei (鄭菲), aged 36, is an executive Director and the vice president of the Company. Biographical details of Ms. Zheng are set out in the paragraph headed "Executive Directors" under this section of this annual report.

Ms. Tang Lo Nar (鄧露娜), aged 53, is an executive Director, the chief financial officer and the company secretary of the Company. Biographical details of Ms. Tang are set out in the paragraph headed "Executive Directors" under this section of this annual report.

COMPANY SECRETARY

Ms. Tang Lo Nar (鄧露娜), aged 53, is an executive Director, the chief financial officer and the company secretary (the "Company Secretary") of the Company. Biographical details of Ms. Tang are set out in the paragraph headed "Executive Directors" under this section of this annual report.

Corporate Governance Report

It is the belief of the Board that corporate governance plays a vital part in maintaining the success of the Company. Various measures have been adopted to ensure that a high level of corporate governance is maintained throughout the operation of the Group. The Group's corporate governance practices are based on the principles and code provisions prescribed in the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange. Save as to code provisions C.2.1, the Directors and/or the Company has complied with all the code provisions of the CG Code during the Year, the details of the deviation are set out under the paragraphs headed "Chairman and Chief Executive Officer" below.

THE BOARD

During the Year, the Board comprised three executive Directors, one non-executive Director and three independent non-executive Directors. The Company has received from each of the independent non-executive Directors an annual confirmation of independence and considers all the independent non-executive Directors to be independent.

The Board schedules four meetings a year at approximately quarterly intervals. In addition, special Board meetings are held as necessary. During the Year, the Board held four meetings. Details of the attendance of individual Directors are as follows:

	Attendance	
	Annual/ Extraordinary general meeting	Board of Directors' meeting
(a) Executive Directors		
Mr. Zheng Ping (<i>chief executive officer</i> , "Mr. Zheng")	1/1	4/4
Ms. Zheng Fei ("Ms. Zheng")	1/1	4/4
Ms. Tang Lo Nar	1/1	4/4
(b) Non-executive Director		
Ms. Kong Xiaoling ("Ms. Kong")	1/1	4/4
(c) Independent Non-executive Directors		
Ms. Guo Ying	1/1	4/4
Mr. He Binhui	1/1	4/4
Mr Chen Lifan	1/1	4/4

Mr. Zheng and Ms. Kong are spouse, Ms. Zheng is the daughter of Mr. Zheng and Ms. Kong. Save as disclosed above, there is no family or other material relationship among members of the Board.

Biographies, including relationships among members of the Board are shown on pages 23 to 25 under the section headed "Biography of Directors and Senior Management" of this annual report.

ROLES OF DIRECTORS

The Board assumes responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Group. The principle roles of the Board are:

- to lay down the Group's objectives, strategies and policies;
- to monitor operating and financial performance; and
- to set appropriate policies to manage risks in pursuit of the Group's strategic objectives.

The Board has delegated the day-to-day operation responsibility to the management under the supervision of the CEO and various Board committees. Every newly appointed Director, if any, is ensured to have a proper understanding on the operations and business of the Group and fully aware of his responsibilities under the relevant applicable legal and regulatory requirements. The senior management and the Company Secretary will conduct such briefing as is necessary to update the Board with legal and regulatory developments, business and market changes and the strategic development of the Group to facilitate the performance of their duties.

BOARD MEETINGS

Proposed regular Board meeting dates for a year are notified to each Director at the beginning of the Year. Formal notice of at least 14 days will be given in respect of a regular meeting. For special Board meeting, reasonable notice will be given.

The Board meets regularly at least four times every year. The Directors participate in person or through electronic means of communication. All notices of Board meetings are given to all Directors, who are given an opportunity to include matters in the agenda for discussion. The finalised agenda and accompanying board papers are sent to all Directors at least three days prior to the meeting.

During regular meetings of the Board, the Directors discuss the overall strategy as well as the operation and financial performance of the Group. The Board has reserved for its decision or consideration matters covering overall Group strategy, major acquisitions and disposals, annual budgets, annual and interim results, approval of major capital transactions and other significant operational and financial matters. All Directors are kept informed on a timely basis of major changes that may affect the Group's businesses, including relevant rules and regulations. Directors can also seek independent professional advice in performing their duties at the Company's expense, if necessary. The Company Secretary records the proceedings of each Board meeting in detail by keeping detailed minutes, including all decisions by the Board together with concerns raised and dissenting views expressed (if any). All minutes are open for inspection at any reasonable time on request by any Director.

Apart from regular Board meetings, the Chairman also held one meeting with the independent non-executive Directors without the presence of the remaining executive Director during the year ended 31 December 2025.

SUPPLY OF AND ACCESS TO INFORMATION

In respect of regular Board meetings, an agenda of the meeting and the accompanying board papers are sent in full to all Directors at least three days before the intended date of the meeting. Board papers are circulated to the Directors to ensure that they have adequate information before the meeting for any ad hoc projects.

The management is responsible for supplying the Board and the committees with adequate information in a timely manner to enable it to make informed decisions. Information related to the Company's financial position and latest developments, including monthly updates on the Company's performance, position and prospects are provided to Directors to keep them up to date. Where any Director requires more information than is provided by management, each Director has separate and independent access to the Company's senior management for inquiry or additional information.

All Directors are entitled to have access to board papers and related materials. Such materials are prepared to enable the Board to make informed decisions on matters placed before it.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer of the Group of the Group should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer of the Group should be clearly established and set out in writing. The roles of the chairman and chief executive officer of the Group of the Group are not separated and is performed by the same individual. Mr. Zheng Ping acted as both the chairman and chief executive officer of the Group throughout the Year. The Directors meet regularly to consider major matters affecting the operations of the Group. The Directors consider that this structure will not impair the balance of power and authority between the Directors and management of Group and believe that this structure will enable the Group to make and implement decisions promptly and efficiently.

APPOINTMENTS, RE-ELECTION AND REMOVAL OF DIRECTORS

When appointing new Directors, the Group follows a formal, legal, thoughtful and transparent procedure. The Nomination Committee is chaired by an independent non-executive Director and consists of a majority of independent non-executive Directors. The Nomination Committee has formulated a nomination policy (the "Nomination Policy") and is responsible for identifying suitable candidates for consideration by the Board as additional Directors or for filling temporary vacancies in the Board, and for making recommendations to Shareholders on any Directors to be re-elected at the general meeting.

The selection process and working summary of the new Directors of the Nomination Committee during the Year are contained in the paragraph headed "Nomination Committee" below.

All non-executive Directors and independent non-executive Directors are appointed for a specific term of not more than three years. Under the Articles of Association, one-third of the Directors must retire and be eligible for re-election at each annual general meeting. All Directors, including the Chairman, are required to retire from office by rotation and are subject to re-election by Shareholders at annual general meeting at least once every three years. As such, no Director has a term of appointment longer than three years.

Corporate Governance Report

DIRECTORS' TRAINING

All Directors are required to provide the Company with his or her training records on a yearly basis. During the Year, the Company received training records from all Directors. The individual training record of each Director received during the year ended 31 December 2025 is set out below:

	Reading materials in relation to corporate governance/ updates on laws, rules and regulations	Attending seminars/ training in relation to corporate governance/ updates on laws, rules and regulations
(a) Executive Directors		
Mr. Zheng Ping	Yes	Yes
Ms. Zheng Fei	Yes	Yes
Ms. Tang Lo Nar	Yes	Yes
(b) Non-executive Director		
Ms. Kong Xiaoling	Yes	Yes
(c) Independent Non-executive Directors		
Ms. Guo Ying	Yes	Yes
Mr. He Binhui	Yes	Yes
Mr. Chen Lifan	Yes	Yes

DIRECTORS' INSURANCE

The Company did not have any management liability insurance cover during the Year. The Board considered that the current industries, businesses and financial situation of the Company were relatively stable, and the Company had established a relatively complete internal monitoring system, so we did not purchase management liability insurance for Directors. The Board will review the need for insurance from time to time.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct for dealings in securities of the Company by the Directors and the relevant employees of the Group who are likely to be in possession of unpublished inside information of the Company. The Company, having made specific enquiry with all Directors, confirms that all Directors have complied with the required standard set out in the Model Code during the Year.

Corporate Governance Report

DELEGATION BY THE BOARD

The Board is primarily responsible for the overall strategy and direction for the Group and overseeing the Group's businesses and providing leadership in strategic issues. The management is delegated to manage the day-to-day businesses of the Group.

When the Board delegates aspect of its management and administration functions to management, clear directions would be given as to the power of management, in particular, the circumstances where management should report back to the Board before making decisions or entering into any commitments on behalf of the Group.

Principal functions that are specifically delegated by the Board to the management include (i) implementation of corporation strategy and policy initiatives; (ii) provision of management reports to the Board in respect of Group's performance, financial position and prospects; and (iii) day-to-day management of the Group.

BOARD COMMITTEES

The Board established certain Board committees with specific written terms of reference which deal clearly with the committee's authority and duties and require the committees to report back on their decisions or recommendations.

Nomination Committee

The Company established a Nomination Committee which is primarily responsible for making recommendations to the Board regarding the Group's engagement of appropriate Directors and managerial personnel (including the skills, knowledge and experience) to complement the Company's corporate strategies.

The Nomination Committee is responsible for nominating potential candidates for Directors, reviewing nominations, evaluating the independence of independent non-executive Directors, and making recommendations to the Board on appointments and re-elections. In addition, the Nomination Committee is responsible for reviewing the Board Diversity Policy (outlined below) to ensure its effectiveness and making recommendations to the Board on necessary amendments.

During the Year, the work performed by the Nomination Committee included the following:

- made recommendations to the Board on matters relating to the re-election of Directors;
- made recommendations to the Board on matters relating to the appointment and change of Board committees members;
- conducted an annual review of the independence of the independence non-executive Directors; and
- reviewed structure, size and composition of the Board.

The Nomination Committee comprises Mr. Chen Lifan, Mr. He Binhui and Ms. Guo Ying, and is chaired by Mr. Chen Lifan.

During the Year, two meetings of the Nomination Committee were held to review and consider the composition of the Board and senior management. The attendance records of the members of the Nomination Committee are as follows:

Name of members of the Nomination Committee	Attendance
Mr. Chen Lifan	2/2
Mr. He Binhui	2/2
Ms. Guo Ying	2/2

Corporate Governance Report

Nomination Policy

The Nomination Policy aims to set out the relevant selection criteria and nomination procedures.

The factors listed below would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate:

- (a) character and integrity;
- (b) qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- (c) accomplishment and experience business from time to time conducted, engaged in or invested in by any member of the Group;
- (d) commitment in respect of available time and relevant interest;
- (e) any information obtained through third party references or background checks;
- (f) requirement for the Board to have independent directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in the Listing Rules;
- (g) the Board Diversity Policy and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board; and
- (h) such other perspectives appropriate to the Company's business.

Nomination procedures

The Committee shall identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships. In identifying suitable candidates, the Committee shall consider candidates on merit and against the objective criteria, with due regard to the principals and approach of the Board Diversity Policy.

The Nomination Committee shall, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate and other information deemed necessary, evaluate such candidate based on the criteria as set out under the Nomination Policy above to determine whether such candidate is qualified for directorship, and his/her independence (if applicable). The Committee shall make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive. If an independent non-executive director served more than 9 years (or completed more than 3 consecutive terms), the Committee shall state in its recommendations reasons why it believes that the director is still independent and should be re-elected, including factors considered, the process and discussion of the Committee in arriving at such a determination.

If the general meeting intends to discuss the election of directors, the circular of the general meeting shall disclose complete information of the proposed candidates. The circular should include the information of the proposed candidate as required pursuant to applicable laws, rules and regulations. A Director shall be elected upon the passing of the proposed resolution on a general meeting. An announcement shall be made according to relevant laws, rules and regulations.

Corporate Governance Report

Board Diversity Policy

The Board adopted a board diversity policy (the “Board Diversity Policy”) on 5 March 2019, which aims to set out the principles and approach to achieve diversity on the Board.

The Group recognises that diversification at the Board level is one of the important factors to improve corporate performance, optimise leadership structure, improve talent quality, and promote the long-term development of the Group. The candidates selected will be based on a range of diverse categories, including but not limited to, gender, age, ethnicity, cultural and educational background, professional skills, career experience, management level and length of service. The Nomination Committee will ultimately make appointment decisions based on the overall quality of the candidates and their contributions to the Board in accordance with the Company’s Nomination Policy and the Board Diversity Policy.

The Board’s composition under diversified perspectives was summarized as follows:

Board Diversity (note 2)			
Designation	Executive Director (3)	Non-executive Director (1)	Independent non-executive Director (3)
Gender	Male (3)	Female (4)	
Age Group	25-45 (2)	45-65 (3)	Over 65 (2)
Ethnicity	Chinese (7)		
Education Background	Master’s Degree (3)	Bachelor’s Degree (4)	
Professional Skills & Career Experience (note 1)	Automobile & Industrial Engineering (3)	Financial & Accounting (4)	Cold Chain Logistics & Food Supply (2)
	Corporate Management & Commercial (3)	Capital Management & Investor relations (4)	
Length of Service	Less than five years (0)	Five to ten years (2)	Over ten years (5)

Notes:

1. Directors may possess multiple professional skills and career experience.
2. The number in brackets refers to the number of Directors under the relevant category.

The Nomination Committee has reviewed the Board Diversity Policy and monitored the implementation of the Board Diversity Policy. Pursuant to the Board Diversity Policy, the Nomination Committee had taken into account the factors listed on the table above.

During the Year, the Company has achieved the following measurable objectives:

- (1) at least one-third of the Board is composed of independent non-executive Directors;
- (2) at least one-third of the Board are holders of a Bachelor’s degree or above;
- (3) at least one Director is a qualified accountant;
- (4) at least one Director has relevant experience in motor vehicle industry or cold chain logistics or food supply industry;
- (5) at least one Director has relevant experience in finance; and
- (6) at least one Director is of different gender.

Based on the review by the Nomination Committee, the Nomination Committee considers that the Company has achieved the measurable objectives set for implementing the Board Diversity Policy during the Year.

As of 31 December 2025, the gender ratio in the workforce (including senior management) is approximately 67% male and 33% female. The Group provides equal opportunity to all employees regardless of gender, race, age, nationality, religion, sexual orientation, disability, and other aspects of diversity and are against any forms of discrimination.

Corporate Governance Report

Remuneration Committee

The Company established a Remuneration Committee which is primarily responsible for (i) making recommendations to the Board regarding the Group's policy and structure for remuneration of Directors and senior management, (ii) determine the specific remuneration packages of all executive Directors and senior management of the Company, (iii) the establishment of a formal and transparent procedure for developing policy on such remuneration and (iv) review and approve matters relation to share schemes of the Company.

The Remuneration Committee comprises Ms. Guo Ying, Mr. He Binhui and Mr. Chen Lifan, and is chaired by Ms. Guo Ying.

During the Year, two meetings of the Remuneration Committee were held to review and consider the specific remuneration packages of the Company's executive Directors and senior management and performance of the executive directors and other related matters. The attendance records of the members of the Remuneration Committee are as follows:

Name of members of the Remuneration Committee	Attendance
Ms. Guo Ying	2/2
Mr. He Binhui	2/2
Mr. Chen Lifan	2/2

Details of the remuneration paid to the senior management (all of whom are also Directors) of the Group are included in Notes 12 and 13 to the consolidated financial statements.

Audit Committee

Pursuant to the Listing Rules, an Audit Committee was established on 8 June 2011, comprising three Independent Non-executive Directors, namely Mr. He Binhui, Ms. Guo Ying and Mr. Chen Lifan, and is chaired by Mr. He Binhui.

The written terms of reference which describe the authorities and duties of the Audit Committee were prepared and adopted with reference to "A Guide for the Formation of an Audit Committee" published by the Hong Kong Institute of Certified Public Accountants. The Audit Committee provides an important link between the Board and the Company's auditor in matters coming within the scope of the Group audit. It also reviews the financial reporting process and the adequacy and effectiveness of the Group's risk management and internal control system.

To comply with the requirement under the CG Code in respect of the responsibilities for performing the corporate governance duties, the Board has delegated its responsibilities to the Audit Committee to develop and review the policies and practices of the Company on corporate governance and make recommendations to the Board; to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; to develop, review and monitor the code of conduct applicable to the Directors and employees; to review and monitor the training and continuous professional development of Directors and senior management and to review the Company's compliance with the code provisions set out in the CG Code contained in the Listing Rules and disclosures in the corporate governance report.

During the Year, the Audit Committee held four meetings for the purpose of reviewing the Company's financial reports and accounts, and providing advice and recommendations to the Board of Directors. The Audit Committee also reviewed the risk management and internal control procedures of the Group. The minutes of the Audit Committee meeting are kept by the Company Secretary.

Corporate Governance Report

The Audit Committee also reviewed the Company's progress in implementing the corporate governance requirements as set out in the CG Code. The attendance records of the members of the Audit Committee are as follows:

Name of members of the Audit Committee	Attendance
Mr. He Binhui	4/4
Ms. Guo Ying	4/4
Mr. Chen Lifan	4/4

The Group's results for the Year have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards.

COMPANY SECRETARY

All Directors have access to the advice and services of the company secretary. During the Year, the Company Secretary confirmed she had taken not less than 15 hours professional trainings in accordance with Rule 3.29 of the Listing Rules.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE ACCOUNTS

The Board is responsible for presenting a balanced, clear and comprehensible assessment of the Group's performance and prospects. The Directors are responsible for the preparation of financial statements which give a true and fair view of the statement of financial position and financial performance and cash flows of the Group on a going concern basis.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The Company's consolidated financial statement are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently and that judgments and estimates made are prudent and reasonable. The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group. The responsibilities of the auditor for the accounts are set out in the Independent Auditor's Report on pages 58 to 62 of this annual report.

Where appropriate, a statement will be submitted by the Audit Committee explaining its recommendation regarding the selection, appointment, resignation or dismissal of the external auditors and the reasons why the Board has taken a different view from that of the Audit Committee.

AUDITOR

BDO Limited has been appointed as auditor of the Company for the year ended 31 December 2025.

AUDITOR'S REMUNERATION

The fees in relation to the audit and other services provided to the Company and its subsidiaries by the external auditor of the Group for the year ended 31 December 2025 amounted to approximately RMB720,000. No non-audit service was provided by the external auditor of the Group for the year ended 31 December 2025.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the risk management and internal control of the Group and for reviewing its effectiveness. The internal control system of the Group comprises a comprehensive organisational structure and delegation of authorities assigned to individuals based on experience and business need. The Company has not yet established an internal audit function and is of the view that there is no immediate need to set up an internal audit function in light of the size, nature and complexity of the Group's business. The Group will continue to conduct internal control procedures and enhance its internal control measures, and will review the situation annually.

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

A general review of the effectiveness of the Group's system of risk management and internal control covering all key control, including financial, operational and compliance, is conducted twice annually by the Audit Committee with the assistance of relevant internal department. The review and evaluation consisted of enquiry, discussion and validation through observation and inspection (if necessary). The result of review will be reported to the Board and some measures would be proposed if there is any area for improvement. For the year ended 31 December 2025, the Group's system of risk management and internal control was effective and adequate. No material violation of risk management and internal control system or significant risk were detected.

The Company has established a whistleblowing policy and reporting mechanism, whereby employees and those who deal with the Company (e.g. customers and suppliers) may raise concerns, in confidence, with the Audit Committee in respect of possible improprieties in any matter related to the Company. The whistleblower could report the concerns to the Audit Committee of the Company directly by sending their concerns to ir@shshuanghua.com.

DIVIDEND POLICY

Before announcing the distribution or recommendation of dividends, the Board shall take into account factors including the Group's actual and expected performance, retained profits, allocable reserves, working capital requirements, capital expenditure, future business development plans, liquidity status, the inherent and potential effects of domestic and foreign economic conditions, policies on the Company's industry, business, finance and positioning, as well as other factors that the Board considers appropriate. The Board will review the Company's dividend policy from time to time.

CONSTITUTIONAL DOCUMENTS

The Company has adopted the third amended and restated Articles of Association at the 2024 annual general meeting which was held on 28 June 2024, in order to, bring the Articles of Association up to date and in line with the latest regulatory requirements in relation to the expanded paperless listing regime and the electronic dissemination of corporate communications by listed issuers and the relevant amendments made to the Listing Rules which took effect on 31 December 2023.

SHAREHOLDERS' RIGHTS

Under the Articles of Association, the Board, on the requisition of Shareholders holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, can convene an extraordinary general meeting within two months after the deposit of such requisition, to address specific issues of the Company within 21 days from the date of deposit of written notice to the Company's principal place of business in Hong Kong. The same requirement and procedure also applies to any proposal to be tabled at Shareholders' meeting for adoption.

If within 21 days of such deposit the Board fails 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 Board shall be reimbursed to the requisitionist(s) by the Company.

COMMUNICATION WITH SHAREHOLDERS

Communication with Shareholders could enhance the confidence of investors and the Board has adopted a Shareholder communication policy. The primary communication channels between the Company and its Shareholders include the publication of interim and annual reports, annual general meeting, and other general meetings. The Company encourages all Shareholders to attend the annual general meetings. The Company's website also provides regularly updated information of the Group to the Shareholders. Enquiries on matters relating to Shareholders and the businesses of the Group are welcome, and are dealt within an informative and timely manner.

The Chairman and other Board members would attend the forthcoming annual general meeting in 2026 to answer questions, if any, at the meeting.

During the Year, the Board has reviewed the implementation and effectiveness of the Shareholder's communication policy, and is satisfied that the Company fulfilled its obligation of information disclosure in strict compliance with regulatory requirements to disclose all its information in a timely and fairly manner, and ensured that all Shareholders, domestic and foreign institutions and individual investors have had equal access to company information. As such, the Board believes that its Shareholder's communication policy has been properly implemented and deemed effective during the Year.

Putting forward enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send enquiries to the Company to the following email address:

E-mail address: ir@shshuanghua.com

Environmental, Social and Governance Report

REPORTING BASIS AND SCOPE

This is the tenth Environmental, Social and Governance (“ESG”) Report issued by the Company. The report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) set out in Appendix C2 to the Listing Rules to present the corporate social responsibilities of the Group over the years and during the Year. The annual basis of this report is the same as the annual report period of the Company.

The report mainly covers the plants of the Group in the PRC, including Shuanghua Autoparts, Shanghai Shuanghua Machinery Manufacturing Co., Ltd., and Anhui Shuanghua Intelligent Technology Co., Ltd (the “Anhui Shuanghua”). The report has two versions, English and Chinese. If there is any inconsistency or ambiguity between the English version and Chinese version, the English version shall prevail. This report is incorporated in the Group’s annual report which is available electronically on the website of the Company at www.shshuanghua.com and the HKEXnews website at www.hkexnews.hk. Questions or suggestions regarding the contents of this report can be directed to us by phone or email as follows:

Shuanghua Holdings Limited

Tel: (86 21) 5058 6337

Email: ir@shshuanghua.com

Website: <http://www.shshuanghua.com>

REPORTING PRINCIPLES

The reporting principles outlined in the ESG Reporting Guide have been adopted during the preparation of the report:

Materiality: This report covers material ESG information identified by the Group. When formulating the business development strategies of the Group, the Group takes into account of the views of investors and stakeholders on ESG-related issues.

We conducted materiality assessments via stakeholder engagements on a regular basis to identify and prioritise the material ESG factors.

Quantitative: As far as practicable, the Group discloses its key environmental and social performance indicators with quantitative measures.

Balance: The Group has identified and disclosed the ESG issues involved in the business operation in the report, and has demonstrated the actual ESG performance of the Group by using appropriate tables.

Consistency: The Group has adopt consistent methodology and presentation methods, to make effective comparison of relevant data.

Environmental, Social and Governance Report

Chairman's statement

Since its establishment, the Group has been committed to producing and providing quality and green products and services. While striving for value creation, we always keep corporate social responsibilities in mind and integrate the sustainable development concept with consideration to environmental, social and corporate governance in all procedures of the Company.

We attach great importance to the use of sources and environmental management. In recent years, we have shortened the low-efficiency production lines through the transformation of equipment and technology to improve production efficiency and reduce energy consumption. We also have handled emissions strictly in accordance with the regulations.

We attach great importance to every employee. We deeply understand that ensuring their occupational health and safety is an important component of maintaining the Group's sustainable development. With striving to improve the level of safe production, we properly manage the environment of our factories and offices to provide our employees with a fair, safe and healthy working environment.

We attach great importance to social commonweal. We actively engage in social welfare activities, contributing to the balanced development of the society.

Attaching importance to product and service quality and safety, supporting employees' development and nurturing talents for the Group, we will never stop breakthrough and innovations. The Board is responsible for the management of the environmental, social and governance work of the Company. The Board conducts a comprehensive review of the Company's environmental, social and governance work every year. Under the leadership of the Board, the managers organise and implement relevant work, establish necessary working organisations, and various professionals continuously provide necessary support for environmental, social and governance work, carry out management research, establish relevant management systems, and formulate work plans and major deployment. This Environmental, Social and Governance Report is prepared in accordance with the ESG Reporting Guide issued by the Stock Exchange to disclose the existing projects such as energy conservation and emission reduction, staff and social participation of Shuanghua. We hope that you will have a better understanding of Shuanghua. In the future, we will pursue better performance in the environmental and social aspects, striving assiduously for the development and well-being for the Group, the society and our next generation.

Zheng Ping

Chairman and CEO

Hong Kong
31 March 2026

Environmental, Social and Governance Report

ABOUT US

Shuanghua Holdings Limited (1241.HK) was incorporated in the Cayman Islands on 19 November 2010 as an exempted company with limited liability, and is an investment holding company, which was listed on the Stock Exchange on 30 June 2011.

During the Reporting Period, the Group was principally involved in two major businesses, being the business of supply chain management based on its own cold storage plant and properties, and the business of food supply on domestic and overseas high-end fruits and other agricultural and sideline products. Based on the changes of market environment and the actual situation of the Group, the Group has steadily promoted the transformation from manufacturing industry to supply and service industry. The plants of the Group are located in Fengxian District, Shanghai and in Tunxi District, Huangshan City, Anhui Province. The Group has been working intensively for more than two decades in the automotive industry and accumulated a wealth of industry experiences and resources to form its core competitive advantages in technology, products and customers. With its technology and experience in ventilation and cooling system, the Group planned to use its vacant properties in Shanghai to develop supply chain management business, so as to transform the Group's business in Shanghai from traditional manufacturing to cold chain supply and storage services. The Group's supply chain management business, through years of operation, has built core competitiveness and brand influence in the cold chain logistics industry. Based on its own cold chain facilities, the Group had expanded the business of food supply on domestic and overseas high-end fruits and other agricultural, committing to providing one-stop supply chain solutions, to improve the scale of its businesses.

STAKEHOLDER ENGAGEMENT

Effective stakeholder engagement is an important part of ESG management. Our major stakeholders include Shareholders and investors, government and regulatory authorities, employees, customers, suppliers and business partners, and we communicate with various stakeholders through diverse methods and channels to understand their needs and expectations and respond accordingly. Focusing on the expectations and demands of various stakeholders, the Company conducts in-depth communication and investigation, and collects the concerns of various stakeholders. On this basis, the Company comprehensively ranks various social responsibility issues from the dimensions of the impact on business operations and the impact on stakeholders, so as to reflect the impact of business operations on the environment, society, etc., and to better respond the expectations and demands of various stakeholders.

Environmental, Social and Governance Report

Communication methods

Stakeholders	Communication Channels	Expectations and aspirations	Our response
Shareholders and investors	<ul style="list-style-type: none"> General meetings Annual reports, interim reports Results announcements Announcements and circulars 	<ul style="list-style-type: none"> Information disclosure Sustained and steady growth Protection of shareholders' rights and interests 	<ul style="list-style-type: none"> Promoting transparent and open information disclosure Constantly improving our ability to create value
Government and regulatory authorities	<ul style="list-style-type: none"> Written documents or reports Face to face communication Compliance management 	<ul style="list-style-type: none"> Compliance operation Proper tax payment 	<ul style="list-style-type: none"> Enhancing compliance operations Fulfilling tax obligations
Employees	<ul style="list-style-type: none"> Employee handbook Employee trainings Periodic performance review 	<ul style="list-style-type: none"> Safeguard the rights and interests of employees Career development opportunities Health and safety 	<ul style="list-style-type: none"> Implementing fair recruitment practices Providing diversified training and study programs
Customers	<ul style="list-style-type: none"> Meetings Email, telephone, WeChat Customer feedback Internal monitoring and risk management 	<ul style="list-style-type: none"> High-quality products and services Stable relationship Information security and customer privacy protection 	<ul style="list-style-type: none"> Improving customer management Enriching products and services categories
Suppliers and business partners	<ul style="list-style-type: none"> Open bidding Email, telephone and WeChat Review and performance evaluation Internal monitoring and risk management 	<ul style="list-style-type: none"> Long-term partnership Honest cooperation 	<ul style="list-style-type: none"> Supplier management Implementing fair and open procurement

Materiality assessment

The Group has conducted assessments on its related ESG issues to have better understanding of the expectation of stakeholders, so as to formulate the framework and contents of disclosure, in response to the requests of the stakeholders.

Our assessment on major issues comprised the following procedures:

- Identification of stakeholders – Identify each of the important stakeholders and formulate specific engagement plans for them.
- Engagement of stakeholders – Conduct study of stakeholders through questionnaires to understand their concerns and expectations on the Group in respect of ESG issues.
- Prioritisation of material issues – Analyse and prioritise the ESG issues after quantification of the result on study of the stakeholders.
- Confirmation by the management – Submit the analysis result to the management for final confirmation.

The materiality assessment shows that product and service responsibility remains of highest importance to the Group. High quality products and services and supply chain management are the cornerstone of supporting the sustainable development of the Group. Employment, health and safety, labor standards, development and training are also relatively important to the Group, and employees are an important driving force for the business development of the Group. In terms of the environmental aspects, the use of electricity and water are key as they have not only environmental impacts but also significant implications on the daily operation costs of the Group's facilities and thus, the Group internally attaches great importance to the management of these usages.

ENVIRONMENT

The plants of the Group belong to the automobile parts manufacturing industry and cold chain logistics industry, and mainly comply with the Environmental Protection Law of the PRC, Law of the PRC on the Prevention and Control of Air Pollution, Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste, Law of the PRC on the Prevention and Control of Environmental Noise Pollution, Regulations of Shanghai Municipality on Environmental Protection, Regulations of Anhui Province on Environmental Protection and the various emissions discharging standards and other relevant laws and regulations issued by the relevant government departments. For the year ended 31 December 2025, the Group had not been punished by Environmental Protection Bureau of the PRC.

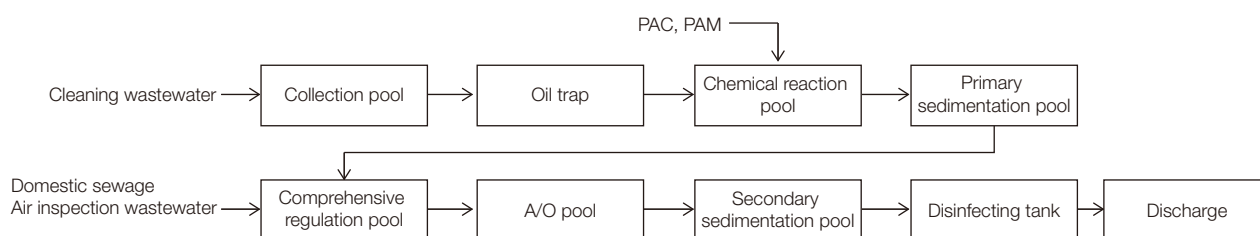
Emissions

The main emissions generated in the business operation of the Group are as follows:

Wastewater

Wastewater generated in the plants mainly include industrial wastewater and domestic sewage. Industrial wastewater of the automobile parts business include the water for parts surface cleaning and the regularly-replaced testing wastewater in the air inspection flume. Products and parts need to be cleaned before soldering to remove the surface oil, using the LT-1 special cleaning agent for aluminum products. The main pollutants in the wastewater after cleaning are CODcr, SS, PH, petroleum, total phosphorus, anionic surfactants, etc. Air inspection wastewater refers to the wastewater produced by the periodic replacement of the water stored in the air inspection flume for checking the product's air tightness. As the Group has completed the strategic transformation away from the automobile parts business, this operation is no longer active. During the Year, no cleaning wastewater emission and air inspection wastewater was generated. Wastewater generated operation of the cold storage plant was mainly the domestic sewage, and generally no production wastewater was generated. During the Year, the total wastewater generated by the Group was approximately 6,619 tonnes.

The sewage treatment facilities are installed in the plant area. After being collected by the collection pool and going through the oil trap, flocculation and precipitation, the cleaning wastewater goes into a comprehensive regulation pool, together with the domestic sewage and air inspection wastewater, and discharges through municipal sewage pipe after biochemical treatment, precipitation and disinfection. The specific sewage treatment process is as follows:



The processing capacity of the sewage treatment facilities in the plant area is over 100 tons/day. Wastewater after treatment reaches the quality standards issued by relevant departments without adverse effects to the surrounding water environment.

Environmental, Social and Governance Report

Exhaust

A small amount of brazing dust is generated in the brazing furnace during the soldering of the automobile parts products in production process, and discharged into the air 15 meters high above the plant roof after the treatment by the filter device equipped in the brazing equipment at about 6.05 mg/m³ of concentration and 9.08*10⁻³kg/h of speed, which meets the emission limits of particulates in the Integrated Emission Standard of Air Pollutants (GB16297-1996). When the plant was designed, we took into consideration the adverse effects of trace amounts of HF generated in the soldering process by reaction of flux and water, and filled the entire baking and brazing furnace with liquefied nitrogen to prevent HF from being generated. During the manual soldering process, a small amount of soldering dust is generated in the argon arc welder and discharged out of the workshop through the exhaust fan, and the concentration of the dust in workshop meets the requirements of the Occupational Exposure Limit for Workplace Hazards (GZ2.1-2007). During the Reporting Period, the automobile parts business was no longer operational, no exhaust gas emissions were generated.

The operation of cold storage plant does not involve the generation of exhaust gas. The exhaust gas and dust generated in the construction of the cold storage plant meet the relevant national air quality standards such as the Law of the PRC on the Prevention and Control of Air Pollution and the Integrated Emission Standard of Air Pollutants, measures include, but not limit to, water sprinkling for dust suppression during excavation, burying and crushing works, covering, curing, greening and hardening the main roads on the sites to conform with the requirements of the supervisory limit for non-organised emission of particulates – less than 1.0 mg/m³ as set out under the Integrated Emission Standard of Air Pollutants; and earthwork backfilling, transshipment and other construction processes that may cause dust pollution are prohibited when windstorm level 4 or above is hoisted.

In order to ensure the compliance of national environmental standards, Shuanghua Autoparts commissioned Shanghai Star Environmental Protection Technology Co., Ltd. to design, manufacture, install and debug the exhaust treatment system (15,000 m³/h) in 2016. This system is effective and still in use. The processed exhaust has reached the relevant standards in the Integrated Emission Standard of Air Pollutants of Shanghai (DB31-933-2015). Anhui Shuanghua specially commissioned Huangshan Yuanxing Environmental Technology Co., Ltd. to monitor the pollutants in the plant area of Anhui Shuanghua in August 2020, so as to ensure that the pollutant discharge meets the requirements of Regulations of Anhui Province on Prevention and Control of Air Pollutants.

Solid waste

The scraps, substandard products and waste packaging materials (for the Year: approximately 0 tonnes) generated in production processes of the automobile parts business, including parts pre-cut, stamping and fins, etc., are collected by the industrial waste recycling department; a small amount of waste oil, waste oil tarpaulins and waste saponified solution are regularly disposed of by the commissioned qualified contractor; the sludge from sewage treatment station and the brazing furnace purification dust are also recycled and disposed of by the commissioned qualified contractor; and the household refuse and office waste are regularly cleared and disposed of by public sanitation departments.

The solid waste generated during the operation of the cold storage plant mainly contains wrapping film, waste wood, packing tape (for the Year: approximately 1.4 tonnes). The solid waste generated during the construction of the cold storage plant mainly contains construction waste and earthwork. Our solid waste management during the construction and operation is complied with the Standards for Pollution Control on the Storage and Disposal Site for General Industrial Solid Wastes and other relevant requirements. Recyclable solid waste such as wasted steel materials should be handled by the approved recycling department, the surplus earthwork and building materials should be backfilled, and the non-recyclable waste should be handled by the qualified departments.

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For the Year, the total volume of the non-hazardous waste generated in the operation of the Group was approximately 1.6 tonnes. The Group does not produce hazardous waste during its operation, so it is not applicable. Reduction for generation of solid waste and its reasonable disposal are important measures for minimizing environmental impact, we will closely monitor the current policies for handling solid waste to reduce solid waste production.

Noise

Noise during the processing operations of the automotive components business is mainly generated from metal processing equipment, furnace exhaust fan, air compressor and cooling towers, etc. The impact of the plants' production on the external environment has been reduced through reasonable layout, placing the equipment in isolated processing room, as well as installing shock absorbers and sound insulation windows. The noise within plant area was able to meet the standards in the Environmental Noise Emission Standards at the Boundary of Industrial Enterprises.

The major sources of noise during the construction of the cold storage plant come from refrigeration facilities and freight vehicles. We maintain the refrigeration facilities regularly, and set up sound barrier, etc., to meet the standards in the Environmental Noise Emission Standards at the Boundary of Industrial Enterprises. The major sources of noise during the construction of the cold storage plant come from construction machines and vehicles. We strictly comply with the requirements of on the Emission Standard of Environment Noise for Boundary of Construction Site, reasonably schedule construction timetable as well as use machines and equipment with qualified noise emission standards during the construction.

Use of resources

Green and environmental protection has always been the Group's philosophy and goal. The Group has formulated a series of environmental protection system to actively improve the production lines with a view to increase production efficiency and reduce consumption of energy and resources. The consumption of energy and resources by the Group's plants in the past two years was as follows. In 2025, affected by the overall macro environment, the consumption of energy and resources required by the Group was reduced. Meanwhile, the Group continued to improve its energy-saving and emission reduction measures. Therefore, the Group's consumption of energy and resources in 2025 decreased compared with last year.

Indicators	Direct energy (Scope 1)		Indirect energy (Scope 2)		Water Consumption (ton)	Water Consumption per person (ton/person)	Use of packing Materials (ton)	Use of packing materials per unit of revenue (ton/RMB million)
	Petrol consumption (L)	Petrol consumption per unit of revenue (L/RMB million)	Electricity Consumption (KWH)	Electricity Consumption per unit of revenue (KWH/RMB million)				
2024	780	9.4	2,422,770	29,261	11,972	249	5.6	0.07
2025	605	13.3	1,021,118	22,462	6,619	179	2.4	0.05

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Energy management

The Group closely monitors and reviews current energy consumption settings and systems and will set up policies and procedures in the coming years. Currently, the following management measures are in place to reinforce the Group's energy saving practices, so as to improve the energy efficiency of business operation. The Group has set a target of reducing the total energy consumption by 2% to 5% by 2030.

- Use energy-efficient lighting equipment and adopt natural light wherever possible;
- Turn off equipments when staff leaves the premises to save electricity;
- Introduce intelligent equipment into our cold storage operation to reduce energy consumption; and
- Conduct monthly count on electricity consumption and prepare relevant records; if the consumption exceeds the range of the benchmark, the reasons for such will be analysed and timely remedial actions will be taken.

Water management

The majority of water consumption was incurred by domestic usage for employees. We did not face any issue with sourcing water that is fit for purpose. We will implement various measures to mitigate our water consumption, including:

- Expand the scope of recycled water, to the greatest extent, for greening and for restrooms to increase the recycling rate;
- Conduct monthly review on water consumption and prepare relevant records. If the consumption exceeds the range specified, reasons for such would be analysed for timely remedial actions; and
- Encourage staff to save water in factories, offices as well as in their living quarters.

Emission and waste reduction targets

In respect of greenhouse gas emission, the Group actively responds to the national energy conservation guidelines and policies, and has set medium and long-term energy conservation and emission reduction targets. Energy cost is the main cost of the Group's supply chain management business. In the operation of the cold storage, intelligent equipment and systems will be gradually equipped and improved to reduce energy consumption. At the same time, the Group will reduce the energy loss in the daily operating process through more standardized operation, so as to reduce greenhouse gas emissions and reduce operation costs.

In respect of wastewater, the Group intends to gradually set emission targets for each plant area, and is expected to recover all domestic sewage in the medium and short term for irrigation of green space in the plant area, so as to achieve zero discharge of domestic sewage in the long run. As to industrial wastewater, the Group strives for zero discharge of sewage through implementing high-end sewage treatment facilities into the production plants.

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In respect of exhaust, generally no exhaust is generated during the operation of the cold storage. For the exhaust in industrial production, the Group entrusted a qualified company to design, manufacture and install the exhaust treatment system, and entrusted a professional qualified company to monitor the exhaust pollutants in the plant. We will continuously upgrade the waste gas treatment system and reduce the exhaust emission.

In respect of solid waste, the Group strives to enhance the daily collection, storage and recycle of solid waste, and has contracted qualified disposal agencies for all non-recyclable solid waste.

Climate change

Climate change as an emerging global risk, may impact companies in the form of risks ranging from acute weather events such as flooding and storms, to chronic risks arising from the rising temperature and sea levels. Climate change will have certain effects on the Group's operations and the Group will continue to monitor the climate-related risks and implement relevant measures to minimize its potential impact.

Governance

The Group has established an ESG governance framework encompassing "Board of Directors, Management, and Executive level" to coordinate and advance climate change initiatives. The Board of Directors is responsible for overseeing and guiding the Group's overall strategy for addressing climate change, regularly reviewing the Group's climate change risks and opportunities. Management formulates strategic plans and mitigation measures in response to climate change. The executive level decomposes and implements tasks in accordance with the Group's overall climate strategy, ensuring the effective execution of climate-related work in daily operations.

Strategy

The Group's supply chain management business is primarily based on its property assets in Shanghai and Huangshan City of Anhui Province in China. Climate change may lead to more frequent extreme weather events. Natural disasters such as heavy rains, floods and typhoon may directly damage the Group's assets, and affect the normal operation of the Group. The Group's food supply business, which focuses on domestic and overseas high-end fruits and other agricultural and sideline products, is highly reliant on natural agricultural produce. The yield and quality of such produce are directly affected by climatic conditions, which in turn impact the stability of the Group's supply chain.

The Group integrates the concept of green and sustainable development into its daily operations, reducing unnecessary energy consumption and resource waste, promoting low-carbon and green upgrades across all aspects of office work, daily production and operation, and further cutting carbon emissions through the adoption of clean energy. The Group will closely monitor the potential risks and opportunities brought about by climate change, continuously optimize its resource utilization structure and operational methods, and ensure the healthy and sustainable development of its businesses.

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The significant climate-related risks and opportunities identified by the Company are summarized below:

Climate-related Risks

Risk Type	Potential Impact	Mitigation Measures
Physical Risks	Extreme weather events such as typhoons, rainstorms, floods or heatwaves may cause physical damage to plant, properties and equipment, power grids and communication facilities, threaten employee safety, disrupt the stability of the supply chain and logistics, resulting in products losses, delivery delays, increased costs, reduced customer satisfaction, and risks of non-performance or delayed performance of contracts.	In response to the possible extreme weather, the Group has been adopted precautionary measures such as contingency plans at our operations and flexible working arrangement at our offices, regularly carry out hidden danger investigation and management, and at the same time improve the emergency response capabilities of employees, build supply chain resilience, and safeguarded employee and operational safety.
Transition Risks	With the further advancement of the national dual carbon strategy, climate-related laws and regulations will become stricter, which will increase our compliance costs or expose the Group to risks of litigation, fines and loss of market share if we fail to meet regulatory requirements or comply with relevant laws and regulations.	To address policy and regulatory risks, the Group regularly monitors changes in climate-related laws, regulations and policies and responds in a timely manner.

Climate-related Opportunities

Opportunity Type	Opportunity Description	Mitigation Measures
Products and Services Opportunities	With improved living standards and changing values, consumers prefer greener and healthier products and services.	Adopt eco-friendly materials and packaging, develop green and low-carbon products and services to meet consumer demand.
Resource & Energy Consumption	Through optimized resource management and the installation of solar photovoltaic and other clean energy sources, carbon emissions will be reduced, and operating costs will be lowered in the medium to long term.	Strengthen monitoring of resource usage, improve resource utilization efficiency, and reduce energy consumption and carbon emissions in plants by leveraging photovoltaic energy and other measures.

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Indicators and Targets

The major greenhouse gas emissions of the Group were mainly accounted for the Carbon dioxide (“CO₂”) emissions for gasoline combustion in commercial vehicles and operation electricity consumption of the Group’s cold storage plants. During the Reporting year, the Company’s direct greenhouse gas emissions generated by commercial vehicles were equivalent to 1.4 tonnes CO₂. The indirect greenhouse gas emissions generated by electricity consumption were equivalent to 1,018.1 tonnes CO₂. With the advancement of communication technologies and the implementation of the Stock Exchange’s paperless listing regime, the Group has widely adopted online meeting systems such as teleconferencing, WeChat Video, and Tencent Meeting, thereby reducing greenhouse gas emissions (Scope 3) generated from employee business travel. And the total greenhouse gas emissions were equivalent to 1,019.5 tonnes CO₂. The greenhouse gas emission intensity was 224.3 kg CO₂ equivalent/RMB10,000 of revenue.

As for the reduction of greenhouse gas emissions, the Group will also set targets on eliminating CO₂ emissions to achieve carbon peak and carbon neutrality in the plant by using natural light as much as possible in the office area, introducing ERP system for purchase and production management of the Group’s automobile parts business, WMS system for warehouse and logistics management of the Group’s supply chain management business, Kingdee Cloud • Starry Sky system for the food supply business and DingTalk system for paperless approval of personnel, seals, contracts, reimbursements and payments, etc., advocating low-carbon travel for employees, and increasing of green vegetation in the office area, etc.

SOCIETY

Employment

In respect of employment of labour, the Group has strictly complied with the relevant laws and administrative regulations of China, such as the Labour Law of the PRC, the Labour Contract Law of the PRC and the Special Provisions on the Labour Protection of Women Workers. In accordance with the needs of each post, the Group recruits all the talents regardless of race, gender, age, religion, region and nationality. As at 31 December 2025, the total number of employees of the Group was 37. All employees came from Mainland China except for two of them. All of them can be categorised as follows:

Age	Male				Female				Total		
	Headcount at beginning of 2025	New recruits	Resignation	Rate of resignation	Headcount at end of 2025	Headcount at beginning of 2025	New recruits	Resignation	Rate of resignation	Headcount at end of 2025	Headcount at end of 2025
30 or below	4	0	3	6.25%	0	6	0	2	4.17%	4	5
31-50	12	0	3	6.25%	10	12	0	1	2.08%	11	20
50 or above	12	0	2	4.17%	10	2	0	0	0.00%	2	12
Total	28	0	8	16.67%	20	20	0	3	6.25%	17	37

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Educational background	Headcount at beginning of 2025	New recruits	Resignation	Rate of resignation	Headcount at end of 2025
Bachelor's degree or above	22	0	3	6.25%	19
College	11	0	3	6.25%	8
Highschool or below	15	0	5	10.42%	10
Total	48	0	11	22.92%	37

Region	Headcount at beginning of 2025	New recruits	Resignation	Rate of resignation	Headcount at end of 2025
Outside Mainland China	2	0	0	0.00%	2
Eastern Region of the PRC	44	0	9	18.75%	35
Middle Region of the PRC	2	0	2	4.17%	0
Western Region of the PRC	0	0	0	0.0%	0
Total	48	0	11	22.92%	37

Health and safety

The Group is committed to providing employees with a safe, harmless and comfortable working environment. Besides the security, cooling, heating and other hardware installed in the plants and offices, Shuanghua has also made significant investment in green projects. Green trees, grass and red flowers can be seen everywhere in the plant area of Shuanghua, so that the employees can work in the garden-style plant joyfully. The hardware facilities in respect of labour safety and hygiene and main construction work in the plant and office area are designed and carried out simultaneously and put into use at the same time. The Group provides workers with the necessary labour protection products and regular health checks for workers engaging in works with occupational hazards. The Group has formulated the Safety Production Management System and the safety production process and operating procedures. The new recruits and trainees must attend the safety production training at three different levels, from the working unit, team and operation position. Workers who change jobs must be re-educated. Those who are engaged in special work of electrical, soldering, vehicle driving, flammable and explosive substance, etc. must attend professional safety and technical training, and obtain a qualified operating permit (license) after strict examination by the relevant departments before operating independently. The plants organise fire safety training regularly to enhance the safety awareness of employees. The plants set up a special quality and safety department to check, correct and educate the irregularities every day, including not wearing labour insurance products and operations in violations of rules, etc., to prevent accidents in the working process and reduce the occurrence of safety incidents. The plants have also formulated a contingency plan for various emergencies to ensure the safe and orderly operation and the safety of the staff to the greatest extent.

Cold storage was more likely to cause the spread of COVID-19 due to the storage of cold chain food. In case of emergencies such as COVID-19 epidemic, the Group would strengthen the operation management of the cold storage plant in the four dimensions of "personnel, vehicles, goods and sites" based on the past prevention and control experience, strictly register and verify the vehicles and personnel entering into the cold storage area. Personnel would be obliged to wear masks when entering into the cold storage area and all goods could only be stored into the storage after disinfection. The Group also would increase the frequency of nucleic acid detection and strengthen environmental cleaning and disinfection. Throughout the past three years, the Group recorded zero work-related fatal incidents. There were no lost days due to work injury.

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During the Year, the total working hours and accidents of the Group's employees were as follows:

Gender	Total working hours (hrs)	Work injuries (times)	Death from work (per)	Rate of death from work (%)
Male	51,616	0	0	0
Female	37,488	0	0	0

Development and training

The Group attaches importance to the improvement of the employees' ability, and various training measures have been implemented to continuously improve their professional knowledge and skills, enhance the management skills and develop their problem-solving ability, in order to ensure the innovation within the Group and maintain the competitive advantage.

The training courses of the Group include: new recruits training, first aid knowledge and non-smoking training, fire drill, labour laws training, accountant's re-education, safety management training, equipment operation training, special vehicle operation training and professional experience training, etc. The Group fully subsidises the internal and external training courses and partly subsidises the voluntary study and further education of the employees. The training measures above cover all employees in the Group.

The Company continued to focus on building a high quality, high technology and skilled talent team. During the Reporting Period, a total of 33 employees had attended the training provided or sponsored by the Group. The distribution of gender and employment category are set out as follows:

Social KPIs	Percentage of employees trained	Average training hours completed per trained employee
Trained percentage		
Total workforce	89%	26
Trained percentage by gender		
Female	45%	25
Male	55%	26
Trained percentage by employee category		
Senior management	9%	30
Middle management	24%	28
General	67%	25

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Labour standards

In order to safeguard the health and safety of employees and fully comply with the labour laws and regulations, the Group has never employed child labour under 16 years old since its establishment, and strictly forbids forced labours or untrained employees to be engaged in dangerous work. Under the premise of consensus, the Group signs labour contract with the employees in accordance with the Labour Law of the PRC and Labour Contract Law of the PRC, and offers compensation according to the position. Employees work within the legal working hours and enjoy the rest periods regulated by the State and a free lunch is provided by the Group. The Group provides social insurances such as medical, maternity, work injury, unemployment and pension to its employees and makes contributions to the housing reserve funds for them. The Group offers special protection to female employees through the prohibition on hazardous works to female employees and appropriate rest periods offered during their pregnancy, postpartum period and lactation. Since the establishment of the Group and its predecessor, no female employees have involved in deduction of salary, dismissal or termination of labour contracts because of their pregnancy, fertility or lactation. After maternity leave, female employees are arranged to return to their original department and position and reintegrate into the workplace with active assistance from the Group. During the Year, 100% of the pregnant female employees return to their position after maternity leave.

The Group strictly observes the requirements of laws. The human resources department of the Group will regularly inspect whether the labour practice is in compliance with the labour laws and regulations. Any non-compliance, such as employment of child or forced labour, will be met with the following measures:

- 1) Investigate the incident and report to the local labour department;
- 2) If the investigation reveals that the incident occurred due to negligence, the Group will immediately terminate the labour contract with the party concerned and make compensation to the party concerned for the loss and injury caused by the incident.

In case of fraud, the Group will take the necessary legal measures and actions.

Supply chain management

The main suppliers of the Group include raw material suppliers, service suppliers, fresh food suppliers and engineering suppliers. The Group establishes a long-term strategic cooperative relationship with suppliers of good performances in qualification, reputation, product quality, environmental protection and social responsibility, and is committed to establish an efficient and green supply chain together with the suppliers. The Group has formulated a procurement control procedure to standardise our approaches in selecting, auditing, and evaluating all of our suppliers. We strive to leverage our influence to advocate an ethical and sustainable supply chain by incorporating considerations of suppliers' corporate responsibilities and sustainable performance into our supply chain management.

The Group requires all of the suppliers to fulfill the Group's environmental and social requirements. During process of selecting new suppliers, the procurement department of the Group reviews and selects quality suppliers from a number of supplier candidates, covering their ESG related policies, environmental certificate and labour practices. We require suppliers to commit themselves to complying with ESG related national and local laws and regulations, and to seek effective methods to reduce impact on environment and protect natural resources. To ensure suppliers' compliance with the Group's requirements, the procurement department of the Group will inspect the suppliers at least once a year to enhance the control and assess the supplier's sustainability performance. Inspection includes data checking and employee interview to ensure in-depth understanding of suppliers' performance.

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As at 31 December 2025, the Group had a total of 46 suppliers, distribution of which were as follows:

Region	Number
Shanghai	36
Anhui	6
Yunnan	2
Chile	2
Total	46

Product and service responsibility

We have been committed to producing the best automobile parts and providing the best food products and supply chain services. We attach great importance to product and service quality and reputation, by enhancing the product quality review and sales management to ensure the delivery of quality products to our customers, and by enhancing high standard hardware and software facilities and the management of all links in and out of the cold storage plant to provide best services to customers. The Group strictly implements its job quality standards and quality responsibilities, and improves the product and service quality management and development plan. In the production, operation and sales process, we enhance the product quality management and develop a reasonable and flexible program aimed at meeting market and customer needs. We have obtained the ISO14001 environmental management system certification.

The Group has formulated the Control Procedure for Product Inspection and Measurement and the Control Procedure for Unqualified Products. If a quality issue of the delivered product does exist in spite of our best efforts in guaranteeing product quality, the customer can submit the case to our customer service staff who will then inform the relevant departments and responsible person to verify the causes and arrange product return or exchange. The Group has installed temperature control equipment in the cold storage plant. If the goods are damaged due to temperature of the cold storage and losses caused by wrong delivery, mixed delivery, missed delivery, etc., customers can propose to our service staff, and compensation can be arranged after verification. The products and the services of the Group are safe and harmless. No sold or delivered products had been recalled due to safety health issues. No compensation for the loss of services provided had been caused due to service problems. The Group has received no complaint from any of its customers on products or services provided by the Group during the Year.

The Group respects and protects intellectual rights. The Group currently conducts supply chain management business under its core brand “Shuanghua (雙樺)” trademark, and conducts food supply business under brand “Longhuazhen (龍樺臻)”. The Group has completed the necessary registration and has taken proactive measures to protect its trademarks and other intellectual properties. A professional institution has been commissioned to protect our products and trademarks and apply for the patents according to the Patent Law of the PRC and the Trademark Law of the PRC. The Company will take all possible actions against acts of counterfeiting the Company’s trademarks and products.

In order to ensure the safety and rational use of customer information, the Company has taken appropriate measures for privacy protection, such as setting data management permission and distinguishing the management permission of written data and system data, to ensure that unauthorised persons cannot browse or access the information, and the expired documents or information will be destroyed accordingly. Since its establishment, the personal and customer information of the Group has never been stolen, tampered, damaged or leaked out.

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Anti-corruption

The Group has formulated a comprehensive internal control structure and prudent policies (including a whistle-blowing mechanism), and signed honesty agreements with relevant staff to prevent and control corruption, fraud, cheat or unethical behaviours. Employees can report any irregularities, such as dereliction of duty, abuse of power, bribery, embezzlement of the Company's property, etc., to the Company's board of supervisors and internal audit department through letter, email, telephone, etc., and the relevant departments will investigate and collect the evidence to verify the report, followed by punishment after a conclusion is drawn. The Group will keep the whistleblower and the reporting information strictly confidential to protect the whistleblower from retaliation.

We organised training programmes on anti-corruption in new employees orientation for all new-hired, and we regularly organise training related to business ethics, Code of Conduct and anti-corruption to our employees and the Board 76 hours of anti-corruption training were provided to our employees and Board members during the Year.

Since the establishment of the Group, no cases of corruption, bribery, extortion, fraud or money laundering have occurred and the Group has complied with the relevant laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering. The Group will continue to adhere to its code of ethics, uphold good reputation and prevent any incidents of corruption in the future.

Social investment

As a corporate citizen, the Group sees shouldering of corporate social responsibility as its mission and actively participates in the community and charity works with a view to bring corporate value into full play, and assumes its corporate responsibility. The Group is not only devoted to its business operation but also strives to contribute, show care and give help to the society. The Group also sets aside reserved funds for social services every year and has taken practical measures to contribute to the society and actively perform its corporate civic responsibility by making donations to help underprivileged families.

In 2005, RMB2,000 was donated to the tsunami disaster area of Southeast Asia.

In 2006, RMB4,000 was donated to "Beloved under the Blue Sky".

In 2007, RMB10,000 was donated to "Daily Charity".

In 2008, RMB15,000 was donated to "Daily Charity", RMB30,000 was donated to Fengxian District Sports Day, RMB300,000 was donated to Wenchuan earthquake disaster area, and RMB20,000 was donated to "New Rural Construction" in CSPGP of Fengxian District.

In 2010, RMB20,000 was donated to "Beloved under the Blue Sky".

In 2011, RMB20,000 was donated to "Beloved under the Blue Sky".

In 2012, RMB50,000 was donated to Preference for Military Families Foundation of Shanghai, and RMB20,000 was donated to "Beloved under the Blue Sky".

In 2014, RMB250,000 was donated to Silk Road Peace Prize Foundation of Shanghai.

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In 2015, RMB30,000 was donated to “Beloved under the Blue Sky”.

In 2016, RMB50,000 was donated to “Beloved under the Blue Sky” (including 2017 advance donation of RMB30,000).

In 2018, RMB20,000 was donated to “Beloved under the Blue Sky”.

In 2019, RMB2,000,000 was donated to “Huangshan United Applied Technology Research Institute”.

In 2024, RMB1,000,000 was donated to “Huangshan United Applied Technology Research Institute”.

ESG INDEX

No.	Description	Disclosure Status	Pages
A1 Emissions	General Disclosures Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to exhaust and greenhouse gas emissions, discharges into water and soil, generation of hazardous and non-hazardous wastes, etc.	Disclosed	P41-P43
	A1.1 Types of emissions and respective emission data.	Disclosed	P41-P43
	A1.3 Hazardous wastes generated in total (in weight or volume) and, if appropriate, intensity (e.g. per unit of production volume, per facility and per regular employee).	Disclosed	P43
	A1.4 Non-hazardous wastes generated in total (in weight or volume) and, if appropriate, intensity (e.g. per unit of production volume, per facility and per regular employee).	Disclosed	P43
	A1.5 Description of measures to mitigate emissions and results achieved.	Disclosed	P41-P43
	A1.6 Description of treatment of hazardous and non-hazardous wastes, reduction initiatives and results achieved.	Disclosed	P43

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No.	Description	Disclosure Status	Pages
A2 Use of Resources	General Disclosure Policies on efficient use of resources, including energy, water and other raw materials. Note: Resources may be used for production, storage, transportation, buildings, electronic equipment, etc.	Disclosed	P43
	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (KWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Disclosed	P43
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	P43
	A2.3 Description of energy use efficiency initiatives and results achieved.	Disclosed	P44
	A2.4 Description of whether there is any issue in sourcing water that is fit for the purpose, water efficiency initiatives and results achieved.	Disclosed	P44
	A2.5 Total packaging materials used for finished products (in tonnes) and, if appropriate, packaging materials used for per unit produced.	Disclosed	P43
A3 Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	Disclosed	P44-P45
	A3.1 Description of the significant impacts of business activities on the environment and natural resources and the actions taken to control such impacts.	Disclosed	P44-P45
B1 Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Disclosed	P47-P48
	B1.1 The total number of employees by gender, employment type, age group and geographical region.	Disclosed	P47-P48
	B1.2 The employee turnover rate by gender, age group and geographical region.	Disclosed	P47-P48

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No.	Description	Disclosure Status	Pages
B2 Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Disclosed	P48
	B2.1 Number and rate of work-related fatalities occurred in each of the past three years, including the reporting year.	Disclosed	P47-P48
	B2.2 Lost days due to work injury.	Disclosed	P48
	B2.3 Description of occupational health and safety measures adopted, as well as how they are implemented and monitored.	Disclosed	P47
B3 Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external training programs paid by the employer.	Disclosed	P49
	B3.1 The percentage of employees receiving trainings by gender and employee category (e.g. senior management, middle management, etc.).	Disclosed	P49
	B3.2 The average training hours completed per employee by gender and employee category.	Disclosed	P49
B4 Labour Standard	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing use of child labour or forced labour.	Disclosed	P50
	B4.1 Description of measures to review recruitment practices to avoid child labour and forced labour.	Disclosed	P50
	B4.2 Description of steps taken to eliminate such practices when discovered.	Disclosed	P50

Environmental, Social and Governance Report

No.	Description	Disclosure Status	Pages
B5 Supply Chain Management	General Disclosure Policies on managing the environmental and social risks of the supply chain.	Disclosed	P50
	B5.1 Number of suppliers by geographical region.	Disclosed	P51
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, as well as how they are implemented and monitored.	Disclosed	P50
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Disclosed	P50
	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Disclosed	P50
B6 Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters in relation to products and services provided and methods of redress.	Disclosed	P51
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Disclosed	P51
	B6.2 Number of products and service related complaints received and how they are dealt with.	Disclosed	P51
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	Disclosed	P51
	B6.4 Description of quality assurance process and recall procedures.	Disclosed	P51
	B6.5 Description of consumer data protection and privacy policies, as well as how they are implemented and monitored.	Disclosed	P51

Environmental, Social and Governance Report

No.	Description	Disclosure Status	Pages
B7 Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Disclosed	P52
	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Disclosed	P52
	B7.2 Description of preventive measures and whistleblowing procedures, and the related implementation and supervision approaches.	Disclosed	P52
	B7.3 Description of anti-corruption training provided to directors and staff.	Disclosed	P52
B8 Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities taking into consideration the communities' interests.	Disclosed	P52-P53
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Disclosed	P52-P53
	B8.2 Resources contributed (e.g. money or time) to the focus area.	Disclosed	P52-P53
PART D Climate-related disclosures	(I) Governance	Disclosed	P45
	(II) Strategy Climate-related Risks and Opportunities The current and expected impacts of climate-related risks and opportunities on the business model and value chain Strategy and Decision-making	Disclosed	P45-P46
	(III) Risk management	Disclosed	P45-P46
	(IV) Indicators and Targets Greenhouse Gas emissions Climate-related Targets	Disclosed	P47

Independent Auditor's Report



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Hong Kong

To the Shareholders of Shuanghua Holdings Limited

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Shuanghua Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 63 to 118, 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 the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Independent Auditor's Report

KEY AUDIT MATTERS (CONTINUED)

Impairment of property, plant and equipment and right-of-use assets

As at 31 December 2025, the carrying values of the Group's property, plant and equipment and right-of-use assets amounted to RMB55,637,000 and RMB22,264,000 respectively.

Management is required to perform impairment assessment on an asset if there is an indicator that the asset's recoverable amount may be lower than its carrying amount. The impairment reviews performed by the Group's management include a number of significant judgements and estimates including cash generating unit ("CGU") identification, fair value, costs of disposal and overall market and economic conditions. Changes in these assumptions may have a significant impact on the impairment assessment.

As a result of the Group's impairment review completed during the year ended 31 December 2025, impairment charge of RMB441,000 was recognised.

The Group's disclosures about impairment of property, plant and equipment and right-of-use assets are included in notes 4(d), 5(b), 16 and 18 to the consolidated financial statements, which also explain the accounting policies and management's accounting estimates.

Our responses:

- We evaluated management's identification of impairment indicators; and
- For recoverable amount determined based on fair value less costs of disposal, we assessed the appropriateness of valuation methodologies applied and the reasonableness of key inputs and assumptions used in the fair value less costs of disposal determination with the assistance from our internal valuation experts.

Impairment assessment of trade and bills receivables, financial assets included in prepayments, other receivables and other assets

As at 31 December 2025, the carrying values of the Group's trade and bills receivables and financial assets included in prepayments, other receivables and other assets amounted to RMB28,236,000 and RMB2,088,000, respectively, for which respective reversal of impairment losses of RMB1,880,000 and RMB2,172,000, respectively, were recognised during the year ended 31 December 2025.

The expected credit loss ("ECL") calculations of financial assets at amortised cost under HKFRS 9 "Financial Instruments" ("HKFRS 9") involved management's significant judgement and high level of estimation uncertainty. It includes key assumptions such as probability of default rates, expected recovery rates in the event of loss-given default and forward-looking information specific to the debtors and the macroeconomic environment where the debtors are located.

We identified the impairment assessment of trade and bills receivables and financial assets included in prepayments, other receivables and other assets as a key audit matter because of the significant judgement and high level of estimation uncertainty involved in the ECL calculations and the carrying amounts thereof are material to the consolidated financial statements.

KEY AUDIT MATTERS (CONTINUED)

Impairment assessment of trade and bills receivables, financial assets included in prepayments, other receivables and other assets (continued)

Our responses:

- Assessing the appropriateness of the ECL models by challenging the reasonableness of key assumptions and inputs used by the management in estimating the ECL, with the assistance from our internal valuation experts including evaluating the accuracy and relevance of the historical default rates and whether they are properly adjusted based on the recent credit loss experience and forward-looking information; and
- Evaluating the appropriateness of disclosures relating to impairment assessment of trade and bills receivables and financial assets included in prepayments, other receivables and other assets.

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

DIRECTORS' RESPONSIBILITIES 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 HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors 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 directors are also responsible for overseeing the Group's financial reporting process. The audit committee of the Company (the "Audit Committee") assists the directors in discharging their responsibility in the regard.

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. This report is made solely to you, as a body, in accordance with the terms of our 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.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 group financial statements. We are responsible for the direction, supervision and review of the work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

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

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

BDO Limited

Certified Public Accountants

CHAU, Ho Kit

Practising Certificate Number: P08363

Hong Kong, 31 March 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December

	Notes	2025 RMB'000	2024 RMB'000
Revenue	7	45,459	82,778
Cost of sales		(46,064)	(80,469)
Gross (loss)/profit		(605)	2,309
Other income, gains and losses	8	(3,682)	6,654
Impairment reversals/(losses) recognised on			
– trade receivables	21	1,880	(2,327)
– other receivables and other assets		1,731	(3,026)
Selling and distribution costs		(1,403)	(1,894)
Administrative expenses		(17,236)	(18,036)
Interest expense	10	(16)	(16)
Loss before tax	9	(19,331)	(16,336)
Income tax credit/(expense)	14	521	(560)
Loss and total comprehensive loss for the year		(18,810)	(16,896)
Attributable to:			
Owners of the parent		(18,810)	(16,896)
Losses per share attributable to ordinary equity owners of the parent			
Basic and diluted	15	RMB(2.9) cents	RMB(2.6) cents

Consolidated Statement of Financial Position

As at 31 December

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	55,637	68,256
Investment properties	17	67,904	73,712
Right-of-use assets	18	22,264	22,246
Financial assets at fair value through profit or loss	19	9,127	8,268
Other receivables	22	–	87
Total non-current assets		154,932	172,569
CURRENT ASSETS			
Inventories	20	325	–
Trade and bills receivables	21	28,236	11,954
Prepayments, other receivables and other assets	22	14,923	13,862
Cash and bank balances	23	78,132	79,934
Total current assets		121,616	105,750
CURRENT LIABILITIES			
Trade payables	24	18,705	3,980
Other payables and accruals	25	13,063	10,806
Lease liabilities	18	578	–
Tax payable		1,283	1,283
Total current liabilities		33,629	16,069
NET CURRENT ASSETS		87,987	89,681
TOTAL ASSETS LESS CURRENT LIABILITIES		242,919	262,250

Consolidated Statement of Financial Position

As at 31 December

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
NON-CURRENT LIABILITY			
Deferred tax liabilities	26	1,031	1,552
Total non-current liability		1,031	1,552
NET ASSETS			
EQUITY			
Equity attributable to owners of the parent			
Issued capital	27	5,406	5,406
Reserves	28	236,478	255,288
		241,884	260,694
Non-controlling interests		4	4
TOTAL EQUITY		241,888	260,698

Zheng Ping
Director

Tang Lo Nar
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December

	Attributable to owners of the parent								
	Share capital RMB'000 <i>(note 27)</i>	Share premium RMB'000 <i>(note 28)</i>	Capital reserve RMB'000 <i>(note 28)</i>	Statutory			Retained profits RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
				surplus	Merger				
				reserve	reserve	Total			
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
As at 1 January 2024	5,406	133,658	168,134	43,222	(119,378)	46,548	277,590	4	277,594
Loss and total comprehensive loss for the year	-	-	-	-	-	(16,896)	(16,896)	-	(16,896)
As at 31 December 2024 and 1 January 2025	5,406	133,658	168,134	43,222	(119,378)	29,652	260,694	4	260,698
Loss and total comprehensive loss for the year	-	-	-	-	-	(18,810)	(18,810)	-	(18,810)
As at 31 December 2025	5,406	133,658	168,134	43,222	(119,378)	10,842	241,884	4	241,888

Consolidated Statement of Cash Flows

For the year ended 31 December

	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(19,331)	(16,336)
Adjustments for:		
Interest income	(2,344)	(2,449)
Dividend income from financial assets at fair value through profit or loss	(472)	(673)
Loss/(gain) on disposal of items of property, plant and equipment	7,097	(28)
Fair value change on financial assets at fair value through profit or loss	(859)	(2,422)
Depreciation of property, plant and equipment	5,561	5,743
Depreciation of investment properties	5,808	5,777
Depreciation of right-of-use assets	841	1,289
Foreign exchange differences, net	896	(617)
Impairment of property, plant and equipment	441	755
(Reversal of)/impairment of trade receivables, other receivables and other assets	(4,052)	5,353
Interest expense	16	16
Write-back of trade and other payables	(89)	(1,291)
Operating loss before working capital changes	(6,487)	(4,883)
(Increase)/decrease in trade and bills receivables	(14,402)	32,180
Decrease in prepayments, other receivables and other assets	1,198	4,710
(Increase)/decrease in inventories	(325)	2,148
Increase/(decrease) in trade payables	14,667	(20,849)
Increase/(decrease) in other payables and accruals	2,404	(529)
Cash (used in)/generated from operations	(2,945)	12,777
Interest received	2,344	2,449
Net cash flows (used in)/generated from operating activities	(601)	15,226

Consolidated Statement of Cash Flows

For the year ended 31 December

	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(1,691)	(1,219)
Dividend income from financial assets at fair value through profit or loss	472	673
Proceeds from disposal of items of property, plant and equipment	1,211	55
Placement of time deposits	(170,907)	(68,442)
Withdrawal of time deposit	173,502	–
	<hr/>	<hr/>
Net cash flows generated from/(used in) investing activities	2,587	(68,933)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal portion of lease payments	(281)	(751)
Interest paid	(16)	(16)
	<hr/>	<hr/>
Net cash flows used in financing activities	(297)	(767)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of year	11,492	65,349
Effect of foreign exchange rate changes, net	(896)	617
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	12,285	11,492

Notes to the Consolidated Financial Statements

31 December 2025

1. CORPORATE AND GROUP INFORMATION

Shuanghua Holdings Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 19 November 2010. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal places of business in the People’s Republic of China (the “PRC”) are located in Fengxian District, Shanghai and in Tunxi District, Huangshan City, Anhui Province.

During the year, the Company and its subsidiaries (the “Group”) were principally involved in the business of supply chain management based on its own cold storage plant and properties, and the business of food supply on domestic and overseas high-end fruits and other agriculture and sideline products, in joint forces to promote the development of agriculture and people’s livelihoods.

In the opinion of the directors, the parent company and the ultimate holding company of the Company is Youshen International Group Limited, which is incorporated in the British Virgin Islands (“BVI”).

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards, which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of Rules Governing the Listing of securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, which has been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

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, 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).

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

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

If the Group loses control over a subsidiary, it derecognises (i) the assets and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognizes (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Notes to the Consolidated Financial Statements

31 December 2025

3. ADOPTION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

(a) Adoption of amendments to HKFRS Accounting Standards – effective 1 January 2025

The HKICPA has issued a number of amended HKFRS Accounting Standards that are first effective for the current accounting period of the Group:

Amendments to HKAS 21	Lack of Exchangeability
Amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37	Disclosure about Uncertainties in the Financial Statements

The adoption of the above amended HKFRS Accounting Standards effective for the year ended 31 December 2025 had no impact on the Group's consolidated financial statements.

(b) New and amendments to HKFRS Accounting Standards that have been issued but are not yet effective

The Group has not applied the following new and amendments to HKFRS Accounting Standards, that have been issued but are not yet effective, in these consolidated financial statements.

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

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

² Effective for annual periods beginning on or after 1 January 2027.

³ Effective for annual periods beginning on or after a date to be determined.

The Group is in the process of making an assessment, and is not yet in a position to state whether the effects of these new and amendments to standards would be substantial to the Group's accounting policies and financial statements.

Notes to the Consolidated Financial Statements

31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated 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 life and depreciates them accordingly.

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

Buildings	4.75%
Machinery and equipment	9.50%
Computer and office equipment	19.00%
Motor vehicles	23.75%

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

Construction in progress represents a building and machinery and equipment under construction, which are stated at cost less any impairment losses, and are not depreciated. Cost represents the direct costs of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Notes to the Consolidated Financial Statements

31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(b) Investment property

Investment property is property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Depreciation is charged so as to write off the cost of investment property net of expected residual value over the estimated useful life using straight-line method. The useful life, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

Depreciation is calculated on the straight-line basis to write off the cost of each item to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	4.75%
Leasehold land	48 to 50 years

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

(c) Lease

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

Group as a lessee

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

(a) Right-of-use assets

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

Leasehold land	48 to 50 years
Office rental	2 years

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

Notes to the Consolidated Financial Statements

31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(c) Lease (continued)

Group as a lessee (continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term.

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

The Group's lease liabilities are presented separately in the consolidated statement of financial position.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of warehouses (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

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

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss.

(d) 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(d) Impairment of non-financial assets (continued)

An impairment loss is recognised only if the carrying amount of an asset/cash generating unit 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 consolidated 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 consolidated statement of profit or loss in the period in which it arises.

(e) Financial assets

Initial recognition and measurement

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

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

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

Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest rate 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.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(e) Financial assets (continued)

Subsequent measurement (continued)

Financial assets at fair value through profit or loss

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

(f) Impairment of financial assets

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

General approach

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Impairment of financial assets (continued)

General approach (continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

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

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group has calculated ECLs based on lifetime ECLs individually or collectively using a provision matrix with appropriate groupings. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward – looking factors specific to the debtors and the economic environment.

During the year ended 31 December 2024, the Group exercised its contractual rights to demand refunds from two suppliers for prepayment previously made to them by the Group due to the counter parties has not fulfilling the contractual terms. The Group, therefore, negotiated with them to agree on the repayment schedules. The resulting receivables with repayment schedules were considered by the Directors of the Company as purchased or originated credit-impaired financial assets under HKFRS 9 and the Group provided lifetime ECLs for the amounts due from these two suppliers. The details of the impairment allowances are presented in Note 22 of the financial statements.

Notes to the Consolidated Financial Statements

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4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(g) Derecognition of financial assets

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

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

(h) Financial liabilities

The Group's financial liabilities include trade payables, other payables and accruals and lease liabilities. They are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs, and subsequent measured at amortised cost.

(i) Derecognition of financial liabilities

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

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

(j) Inventories

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

(k) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(l) Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group's businesses include provisions of supply chain management and food supply, etc.

Sale of products

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on receipt of the products by the customer.

Supply chain management income

Revenue from the provision of supply chain management business income is recognised when the services have been provided.

(m) Employee benefits

Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

Defined contribution retirement plans

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

Notes to the Consolidated Financial Statements

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4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(n) Fair value measurement

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

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

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 consolidated 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: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2: Fair value measured based on valuation techniques using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs; or
- Level 3: Fair value measured based on valuation techniques using significant unobservable inputs (i.e. not derived from market data).

For assets and liabilities that are recognised in the consolidated 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

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5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Estimation uncertainty

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

(a) *Provision for ECLs on trade and other receivables*

The Group uses a provision matrix to calculate lifetime ECLs for trade receivables. The provision rates are based on ageing for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

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

For other receivables, the loss allowance is calculated by 12-month ECL assessment. However, when there has been a significant increase in credit risk since initial recognition, the loss allowance will be calculated by lifetime ECL assessment.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of debtors' actual default in the future. The information about ECLs on the Group's trade and other receivables is disclosed in notes 21 and 22 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

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5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

(b) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including property, plant and equipment, investment properties and right-of-use assets) at the end of the reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. As at 31 December 2025, the Company's market capitalisation was lower than the Group's net assets value which is an indicator of impairment for non-financial assets. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

6. OPERATING SEGMENT INFORMATION

Segment revenue and results

The Group determines its operating segments based on the internal reports reviewed by the executive directors, who are the chief operating decision-maker, that are used to allocate resources and assess performance, which are analysed based on business as follows:

Food supply business

The Group is involved in the business of food supply on domestic and overseas high-end fruits and other agricultural and sideline products.

Supply chain management business

The Group is involved in the business of supply chain management based on its own cold storage plant and properties.

Automobile parts business

The Group's inactive automobile parts operations. The executive directors continue to review this segment separately for purposes of monitoring the recovery of legacy assets and other remaining matters.

Notes to the Consolidated Financial Statements

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6. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

Year ended 31 December 2025	Food supply business RMB'000	Supply chain management business RMB'000	Automobile parts business RMB'000	Total RMB'000
REVENUE	34,172	11,287	–	45,459
RESULTS				
Segment results	(442)	(163)	–	(605)
Other income, gains and losses				(3,682)
Impairment reversals/(losses) recognised on				
– trade receivables	1,952	–	(72)	1,880
– other receivables and other assets	–	(36)	1,767	1,731
Selling and distribution costs				(1,403)
Administrative expenses				(17,236)
Interest expense				(16)
Loss before tax				(19,331)

Year ended 31 December 2024	Food supply business RMB'000	Supply chain management business RMB'000	Automobile parts business RMB'000	Total RMB'000
REVENUE	61,845	20,933	–	82,778
RESULTS				
Segment results	(2,636)	4,945	–	2,309
Other income, gains and losses				6,654
Impairment (losses)/reversals recognised on				
– trade receivables	(2,472)	–	145	(2,327)
– other receivables and other assets	–	–	(3,026)	(3,026)
Selling and distribution costs				(1,894)
Administrative expenses				(18,036)
Interest expense				(16)
Loss before tax				(16,336)

The accounting policies of the operating segments are identical to the Group's accounting policies. Segment results represent the gross profit for each segment without allocation of other income, gains and losses, impairment losses, selling and distribution costs and administrative expenses. Included in the segment results of the food supply business, supply chain management business and automobile parts business were depreciation charges of RMB21,000, RMB10,011,000 and RMB2,177,000, respectively (2024: RMB21,000, RMB10,469,000 and RMB2,319,000, respectively) for the year ended 31 December 2025. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Notes to the Consolidated Financial Statements

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6. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

The place of domicile of the Group's operating entities is in the PRC. The Group renders services and goods transfer in the PRC and all its revenue for the years ended 31 December 2025 and 2024 were derived in the PRC.

All of the non-current assets other than financial instruments of the Group were located in the PRC.

No information about the segment assets and liabilities is presented as such information is not regularly provided to the chief operating decision maker for resource allocation and performance assessment purposes.

Information about major customers

For the year ended 31 December 2025, 3 customers (2024: 2) accounted for more than 10% of the Group's total revenue individually.

	2025 RMB'000	2024 RMB'000
Customer A	21,504	30,077
Customer B	11,464	–
Customer C	4,350	–
Customer D	–	19,582

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7. REVENUE

An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
– Supply chain management: supply chain services	2,666	5,756
– Food supply	34,172	61,845
Revenue from other sources		
– Supply chain management: leasing (note 18)	8,621	15,177
	<u>45,459</u>	<u>82,778</u>

(i) Disaggregated revenue information for revenue from contracts with customers

For the years ended 31 December 2025 and 2024

	2025 RMB'000	2024 RMB'000
Timing of revenue recognition		
Over time	2,666	5,756
At a point in time	34,172	61,845

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2025 RMB'000	2024 RMB'000
Sale of products (note 25(a))	<u>4,169</u>	<u>2,320</u>

(ii) Performance obligations

At 31 December 2025, the remaining performance obligations (unsatisfied or partially unsatisfied) are expected to be recognised within one year. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied or partially unsatisfied contracts is not disclosed.

Notes to the Consolidated Financial Statements

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8. OTHER INCOME, GAINS AND LOSSES

	2025 RMB'000	2024 RMB'000
Other income		
Interest income	2,344	2,449
Dividend income from financial assets at fair value through profit or loss	472	673
	2,816	3,122
Gains and losses		
(Loss)/gain on disposal of items of property, plant and equipment	(7,097)	28
Fair value change on financial assets at fair value through profit or loss	859	2,422
Foreign exchange differences, net	(896)	617
Write-back of trade and other payables	89	1,291
Others	547	(826)
	(6,498)	3,532
Total other income, gains and losses	(3,682)	6,654

Notes to the Consolidated Financial Statements

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9. LOSS BEFORE TAX

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

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Cost of inventories sold		34,613	67,626
(Reversal of)/impairment of trade receivables	21	(1,880)	2,327
(Reversal of)/impairment of other receivables and other assets	22	(2,172)	3,026
Impairment of property, plant and equipment	16	441	755
Depreciation of property, plant and equipment	16	5,561	5,743
Depreciation of investment properties	17	5,808	5,777
Depreciation of right-of-use assets	18	841	1,289
Lease payments not included in the measurement of lease liabilities	18(c)	483	387
Auditor's remuneration		720	720
Employee benefit expense (excluding directors' and chief executives' remuneration) (<i>note 12</i>):			
Wages and salaries		4,095	4,154
Pension scheme contributions*		705	818
Staff welfare expenses		863	512
		5,663	5,484

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

10. INTEREST EXPENSE

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	16	16

11. DIVIDEND

No dividend was declared and paid during the year ended 31 December 2025 (2024: nil).

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12. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive'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:

	2025 RMB'000	2024 RMB'000
Fees	480	480
Other emoluments:		
Salaries, bonus, allowances and benefits in kind	2,425	2,270
Pension scheme contributions	17	18
	2,442	2,288
	2,922	2,768

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2025 RMB'000	2024 RMB'000
He Binhui	60	60
Guo Ying	60	60
Chen Lifan	60	60
	180	180

There were no other emoluments payable to the independent non-executive directors during the year (2024: nil).

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12. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive directors and a non-executive director

	Fees RMB'000	Salaries, bonuses, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total RMB'000
For the year ended				
31 December 2025				
Executive directors:				
Zheng Ping (chief executive)	120	1,000	–	1,120
Zheng Fei	60	855	17	932
Tang Lo Nar	60	330	–	390
	240	2,185	17	2,442
Non-executive director:				
Kong Xiaoling	60	240	–	300
	300	2,425	17	2,742
For the year ended				
31 December 2024				
Executive directors:				
Zheng Ping (chief executive)	120	1,000	–	1,120
Zheng Fei	60	702	18	780
Tang Lo Nar	60	328	–	388
	240	2,030	18	2,288
Non-executive director:				
Kong Xiaoling	60	240	–	300
	300	2,270	18	2,588

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2024: nil).

Notes to the Consolidated Financial Statements

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13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included 3 directors (2024: 3 directors), details of whose remuneration are set out in note 12 above. Details of the remuneration for the year of the remaining 2 (2024: 2) highest paid employee who is neither a director nor chief executive of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	609	663
Pension scheme contributions	199	139
	808	802

The remuneration of the above non-director and non-chief executive highest paid employee is within HK\$1,000,000.

No bonus was paid or receivable by directors or five highest paid employees after considering the Group's operational and financial performance during the year (2024: nil).

14. INCOME TAX (CREDIT)/EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate. The Company was incorporated in the Cayman Islands as an exempted company with limited liability under Companies Law of the Cayman Islands and accordingly is not subject to Cayman Islands corporate income tax ("CIT").

The subsidiary incorporated in the BVI is not subject to BVI CIT as it does not have a place of business (other than a registered office) or carry on any business in the BVI.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year.

The provision for Mainland China income tax has been made at the applicable income tax rate of 25% on the assessable profits of certain PRC subsidiaries of the Group in accordance with the PRC Corporate Income Tax Law.

	2025 RMB'000	2024 RMB'000
Current tax		
Corporate income tax		
– PRC tax	–	17
Deferred tax (note 26)	(521)	543
Total tax (credit)/expense for the year	(521)	560

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14. INCOME TAX (CREDIT)/EXPENSE (CONTINUED)

A reconciliation of the income tax (credit)/expense applicable to loss before tax at the statutory rate in the PRC to the income tax (credit)/expense at the effective tax rate is as follows:

	2025 RMB'000	2024 RMB'000
Loss before tax	(19,331)	(16,336)
At the PRC's statutory income tax rate of 25%	(4,833)	(4,084)
Tax effect of income not taxable	(1,294)	(1,390)
Tax effect of expenses not deductible for tax	3,546	1,433
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	(521)	543
Temporary differences not recognised	(1,014)	1,337
Tax losses not recognised	3,595	2,721
Tax (credit)/expense at the Group's effective rate	(521)	560

15. LOSSES PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY OWNERS OF THE PARENT

The calculation of the basic losses per share amount is based on the loss for the year attributable to ordinary equity owners of the parent, and the number of ordinary shares of 650,000,000 (2024: 650,000,000) in issue during the year.

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

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16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery and equipment RMB'000	Computer and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost						
At 1 January 2025	71,118	12,631	3,059	2,410	13,074	102,292
Additions	1,683	-	4	-	4	1,691
Disposal	(1,959)	(10,926)	(137)	-	(1,751)	(14,773)
Transfer	-	-	52	-	(52)	-
At 31 December 2025	70,842	1,705	2,978	2,410	11,275	89,210
Depreciation and Impairment						
At 1 January 2025	23,948	5,175	2,318	1,599	996	34,036
Depreciation charge for the year	4,155	1,094	161	151	-	5,561
Disposal	(438)	(5,596)	(130)	-	(301)	(6,465)
Impairment	29	-	36	-	376	441
At 31 December 2025	27,694	673	2,385	1,750	1,071	33,573
Carrying amounts						
At 31 December 2025	43,148	1,032	593	660	10,204	55,637

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16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RMB'000	Machinery and equipment RMB'000	Computer and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost						
At 1 January 2024	69,806	12,631	2,996	2,507	15,801	103,741
Additions	1,080	–	63	–	76	1,219
Disposal	–	–	–	(97)	(9)	(106)
Transfer	232	–	–	–	(232)	–
Transfer to investment properties (note 17)	–	–	–	–	(2,562)	(2,562)
At 31 December 2024	71,118	12,631	3,059	2,410	13,074	102,292
Depreciation and Impairment						
At 1 January 2024	19,865	3,892	1,995	1,512	353	27,617
Depreciation charge for the year	4,050	1,204	323	166	–	5,743
Disposal	–	–	–	(79)	–	(79)
Impairment	33	79	–	–	643	755
At 31 December 2024	23,948	5,175	2,318	1,599	996	34,036
Carrying amounts						
At 31 December 2024	47,170	7,456	741	811	12,078	68,256

During the year ended 31 December 2025, the Group has recognised an impairment loss on property, plant and equipment of RMB441,000 (2024: RMB755,000) due to the idle of property, plant and equipment on automobile parts business located in the Anhui Province of the PRC. The Group concluded there was indication for impairment and conducted impairment assessment on recoverable amounts of assets on automobile parts business.

The recoverable amount of property, plant and equipment on automobile parts business has been determined based on fair value less cost of disposal using replacement cost method under cost approach. The level in the fair value hierarchy in arriving at the recoverable amount of property, plant and equipment on automobile parts business is considered under Level 3 on the basis of valuations carried out by 安徽大眾房地產資產評估造價有限公司 (the "Valuer"). The Valuer is independent qualified professional valuer and not related to the Group.

The fair value of assets on automobile parts business is determined using depreciated replacement cost approach. This approach is based on an estimate of the market value of these assets, considering the current costs of replacing them, less allowance for physical deterioration and all relevant forms of obsolescence.

Notes to the Consolidated Financial Statements

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17. INVESTMENT PROPERTIES

During the years ended 31 December 2025 and 2024, there were changes in the use of certain of the Group's owner-occupied properties to generate leasing services income or for capital appreciation purposes. As a result, these properties were reclassified from property, plant and equipment and right-of-use assets to investment properties at their carrying amounts and measured using the cost model.

Changes to the carrying amounts presented in the consolidated statement of financial position are summarised as follows:

	RMB'000
Cost	
At 1 January 2025	169,311
Transfer from property, plant and equipment (<i>note 16</i>)	—
	<hr/>
At 31 December 2025	169,311
	<hr/>
Depreciation	
At 1 January 2025	95,599
Depreciation charge for the year	5,808
	<hr/>
At 31 December 2025	101,407
	<hr/>
Carrying amounts	
At 31 December 2025	67,904
	<hr/>
	<hr/>
	RMB'000
Cost	
At 1 January 2024	166,749
Transfer from property, plant and equipment (<i>note 16</i>)	2,562
	<hr/>
At 31 December 2024	169,311
	<hr/>
Depreciation	
At 1 January 2024	89,822
Depreciation charge for the year	5,777
	<hr/>
At 31 December 2024	95,599
	<hr/>
Carrying amounts	
At 31 December 2024	73,712
	<hr/>

Notes to the Consolidated Financial Statements

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17. INVESTMENT PROPERTIES (CONTINUED)

The fair value of the Group's investment properties was approximately RMB234,290,000 as at 31 December 2025, as determined by the directors of the Company with reference to the valuation performed by an independent qualified professional valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment properties being valued. Valuation was performed using the combination of income and cost approach which best reflect the current condition and available market information of the properties under valuation. There were no changes to the valuation techniques during the year.

The fair value measurement is based on the above property's highest and best use, which does not differ from its actual use.

18. LEASES

The Group as a lessee

The Group has paid for land use rights, and has a lease contract for office rental. Lump sum payments were made upfront to acquire the leased land from the authorised government departments of Shanghai and Anhui with lease periods of 48 to 50 years (2024: 48 to 50 years), and no ongoing payments will be made under the terms of these land leases. A lease of office has lease term of 1.5 years (2024: 2 years). Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

	Prepaid land lease payments RMB'000	Office RMB'000	Total RMB'000
As at 1 January 2025	22,246	–	22,246
Addition	–	859	859
Depreciation charge	(555)	(286)	(841)
Carrying amount at 31 December 2025	21,691	573	22,264

	Prepaid land lease payments RMB'000	Office RMB'000	Total RMB'000
As at 1 January 2024	22,801	734	23,535
Depreciation charge	(555)	(734)	(1,289)
Carrying amount at 31 December 2024	22,246	–	22,246

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18. LEASES (CONTINUED)

The Group as a lessee (continued)

(b) *Lease liabilities*

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

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	–	751
Addition	859	–
Accretion of interest recognised during the year	16	16
Payments	(297)	(767)
	578	–

The maturity analysis of lease liabilities is disclosed in note 36 to the consolidated financial statements.

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

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	16	16
Depreciation charge of right-of-use assets	841	1,289
Expense relating to short-term leases included in administrative expenses	483	387
Total amount recognised in profit or loss	1,340	1,692

(d) The total cash outflow for leases is disclosed in note 30 to the consolidated financial statements.

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18. LEASES (CONTINUED)

The Group as a lessor

The Group leases part of its properties consisting mainly warehouses in the Mainland China under operating lease arrangements. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Leasing income recognised by the Group during the year was RMB8,621,000 (2024: RMB15,177,000).

At 31 December 2025 and 2024, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2025 RMB'000	2024 RMB'000
Within one year	2,658	10,384
After one year but within two years	2,658	10,384
After two years but within five years	15,734	16,065
	21,050	36,833

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Listed equity investment, at fair value	9,127	8,268

The listed equity investments represent an equity investment in Bank of Shanghai which is listed on the Shanghai Stock Exchange. The investment is measured at fair value based on the quoted market price of the investee.

20. INVENTORIES

	2025 RMB'000	2024 RMB'000
Food products/finished goods	325	–

Notes to the Consolidated Financial Statements

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21. TRADE AND BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	46,851	32,447
Bills receivable	1	3
	46,852	32,450
Impairment allowance	(18,616)	(20,496)
	28,236	11,954

The Group's trading terms with its customers are mainly on credit. The credit period for trade receivables is generally 15 to 90 days, extending up to one year for major customers. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest bearing.

As at 31 December 2025, bills receivable of RMB1,000 (2024: RMB3,000) whose fair values approximate to their carrying values were classified as financial assets at fair value through other comprehensive income under HKFRS 9. The fair value changes of these bills receivable at fair value through other comprehensive income were insignificant during the year.

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

	2025 RMB'000	2024 RMB'000
Within 1 month	28,024	10,181
1 to 3 months	-	-
3 to 12 months	182	76
Over 12 months	29	1,694
	28,235	11,951

Notes to the Consolidated Financial Statements

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21. TRADE AND BILLS RECEIVABLES (CONTINUED)

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	20,496	18,169
(Reversal of)/Impairment losses, net	(1,880)	2,327
At end of year	18,616	20,496

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2025

	Gross carrying amount RMB'000	Expected credit loss rate	Expected credit losses RMB'000
Trade receivables aged, based on the invoice date:			
Less than 1 year	28,942	2.5%	736
Between 1 and 2 years	80	63.8%	51
Between 2 and 3 years	-	0%	-
Over 3 years	17,829	100%	17,829
	46,851	39.7%	18,616

Notes to the Consolidated Financial Statements

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21. TRADE AND BILLS RECEIVABLES (CONTINUED)

As at 31 December 2024

	Gross carrying amount RMB'000	Expected credit loss rate	Expected credit losses RMB'000
Trade receivables aged, based on the invoice date:			
Less than 1 year	10,500	2.31%	243
Between 1 and 2 years	4,053	61%	2,472
Between 2 and 3 years	1,625	93.05%	1,512
Over 3 years	16,269	100%	16,269
	32,447	63.17%	20,496

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 RMB'000	2024 RMB'000
Other receivables (<i>notes (a) and (b)</i>)	10,256	12,083
Prepayments	12,750	11,861
Interest receivables	704	916
Other receivables from disposed subsidiaries	6,345	6,345
Value-added tax recoverable	85	133
	30,140	31,338
Impairment allowance	(15,217)	(17,389)
	14,923	13,949
Portion classified as current assets	(14,923)	(13,862)
	-	87

Notes:

- (a) This represents the amounts due from the independent third parties, which are unsecured, interest free and with three-year fixed repayment terms.
- (b) The amount of other receivables included purchased or originated credit-impaired financial assets under HKFRS 9 amounted to RMB9,736,000 (2024: RMB11,584,000). The directors of the Company evaluated that the aggregated gross carrying amount and aggregated lifetime ECLs allowance provided for the aforesaid financial assets were RMB9,736,000 and RMB8,816,000 respectively as at 31 December 2025 (2024: RMB11,584,000 and RMB10,988,000).

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22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (CONTINUED)

The movements in the loss allowance for impairment of financial assets included in prepayments, other receivables and other assets are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	17,389	14,363
(Reversals of)/impairment losses, net	(2,172)	3,026
At end of year	15,217	17,389

In determining the recoverability of other receivables, interest receivables and other receivables from disposed subsidiaries, the Group considers any change in credit quality of the receivables from the date credit was initially granted up to the end of the reporting period. The Group does not hold any collateral over these balances.

23. CASH AND BANK BALANCES

	2025 RMB'000	2024 RMB'000
Cash and cash equivalents	12,285	11,492
Time deposits with original maturity within three months	35,847	37,942
Time deposits with original maturity over three months	30,000	30,500
At end of year	78,132	79,934
Denominated in RMB	39,895	39,950
Denominated in United States dollars	37,831	39,246
Denominated in other currencies	406	738
At end of year	78,132	79,934

As at 31 December 2025, cash and bank balances of the Group denominated in RMB amounted to RMB39,895,000 (2024: RMB39,950,000). RMB is not freely convertible into other currencies. However, under the 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 authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits with original maturity within and over three months comprise bank deposits carrying interest at fixed rate. The bank balances are deposited with creditworthy banks with no recent history of default.

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24. TRADE PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables	18,705	3,980

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

	2025 RMB'000	2024 RMB'000
Within 1 month	15,374	403
1 to 3 months	36	71
3 to 6 months	–	76
6 to 12 months	–	–
Over 12 months	3,295	3,430
	18,705	3,980

The trade payables are non-interest bearing and are normally settled in three months.

25. OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Contract liabilities (<i>note (a)</i>)	6,148	4,410
Other payables (<i>note (b)</i>)	1,993	2,086
Taxes payable other than corporate income tax	3,723	2,916
Payroll payables	1,196	1,391
Accrued expenses	3	3
	13,063	10,806

Notes:

(a) Details of contract liabilities are as follows:

	2025 RMB'000	2024 RMB'000
At 1 January	4,410	3,313
Amounts included in contract liabilities that was recognised as revenue during the year	(4,169)	(2,320)
Cash received in advance of performance and not recognised as revenue during the year	6,020	4,168
Write-back during the year	(113)	(751)
At 31 December	6,148	4,410

Contract liabilities include short-term advances received to deliver products. The increase in contract liabilities in 2025 and 2024 were mainly due to the increase in short-term advances received from customers in relation to the sale of goods and services at the end of the year.

(b) Other payables are non-interest-bearing and repayable on demand.

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26. DEFERRED TAX

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

	Fair value adjustments arising from acquisition of a subsidiary RMB'000	Withholding tax RMB'000	Total RMB'000
At 1 January 2024	36	973	1,009
Deferred tax charged to the consolidated statement of profit or loss during the year (note 14)	–	543	543
At 31 December 2024 and 1 January 2025	36	1,516	1,552
Deferred tax credited to the consolidated statement of profit or loss during the year (note 14)	–	(521)	(521)
At 31 December 2025	36	995	1,031

As at 31 December 2025, the Group has tax losses arising in Hong Kong of RMB nil (2024: nil) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

The Group also has tax losses arising in the Mainland China of RMB56,618,000 (2024: RMB79,132,000) that will expire in one to five years for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses and deductible temporary differences as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

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26. DEFERRED TAX (CONTINUED)

Deferred tax assets have not been recognised in respect of the following items:

	2025 RMB'000	2024 RMB'000
Tax losses	56,618	79,132
Deductible temporary differences	33,835	37,888
At end of year	90,453	117,020

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the Mainland China. A lower withholding tax rate may be applied if there is a tax treaty between the Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the Mainland China in respect of earnings generated.

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

27. SHARE CAPITAL

Shares

	2025 RMB'000	2024 RMB'000
Authorised: 10,000,000,000 (2024: 10,000,000,000) ordinary shares of HK\$0.01 each	83,293	83,293
Issued and fully paid: 650,000,000 (2024: 650,000,000) ordinary shares of HK\$0.01 each	5,406	5,406

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28. RESERVES

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

(i) Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands. Under the constitutional documents and the Companies Law of the Cayman Islands, the share premium is distributable as dividend on condition that the Company is able to pay its debts when they fall due in the ordinary course of business at the time the proposed dividend is to be paid.

(ii) Capital reserve

The capital reserve represents the aggregated amount of the paid-up capital of those companies comprising the Group prior to the incorporation of the Company.

(iii) Statutory surplus reserve

In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(iv) Merger reserve

The merger reserve of the Group represents the reserve which arose pursuant to the reorganisation which is accounted for as reorganisation under common control.

Notes to the Consolidated Financial Statements

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29. CONTINGENT LIABILITIES

At the end of the reporting period, the Group did not have any significant contingent liabilities.

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Total cash outflow for leases

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

	2025 RMB'000	2024 RMB'000
Within operating activities	196	387
Within financing activities	297	767
	493	1,154

31. CAPITAL COMMITMENTS

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

	2025 RMB'000	2024 RMB'000
Contracted but not provided for:		
Property, plant and equipment	-	7,262

Notes to the Consolidated Financial Statements

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32. RELATED PARTY TRANSACTIONS

Details of the Group's principal related party are as follows:

Name	Relationship
Shanghai Automart Investment Co., Ltd. ("Shanghai Automart")	An entity controlled by a director

- (a) In addition to the transactions detailed elsewhere in the consolidated financial statements, the Group had the following transactions with a related party during the period:

	2025 RMB'000	2024 RMB'000
Office rental paid to Shanghai Automart	587	767

Office rental paid to Shanghai Automart was based on prices mutually agreed between the parties. The director, Kong Xiaoling, is interested in Shanghai Automart.

- (b) Compensation of key management personal of the Group:

	2025 RMB'000	2024 RMB'000
Short term employee benefits	2,991	3,246
Pension scheme contributions	218	264
Total compensation paid to key management personnel	3,209	3,510

Further details of the emoluments of the directors and the chief executive are set out in note 12 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

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33. INTERESTS IN SUBSIDIARIES

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

Name	Place of Incorporation/ registration and business	Principal activity	Issued ordinary/ registered capital	Percentage of equity attributable to the Company	
				Direct	Indirect
Automart Holdings Limited	Incorporated BVI	Investment holding	US\$100,000	100%	–
Automart Holdings Limited	Incorporated in Hong Kong ("HK")	Investment holding	HK\$1,200,000	–	100%
Shanghai Shuanghua Autoparts Co., Ltd. <i>(note (i))</i>	Incorporated in the PRC/ Mainland China	Investment holding and supply chain management	RMB389,289,704	–	99.999%
Shanghai Shuanghua Machinery Manufacturing Co., Ltd. <i>(note (ii))</i>	Incorporated in the PRC/ Mainland China	Supply chain management	RMB60,000,000	–	99.999%
Shanghai Youshen Industry Co., Ltd. <i>(note (ii))</i>	Incorporated in the PRC/ Mainland China	Import and export of air-conditioner parts and components	RMB10,000,000	–	99.999%
Shanghai Shuanghua Auto Components Co., Ltd. <i>(note (ii))</i>	Incorporated in the PRC/ Mainland China	Sale of air-conditioner parts and components	RMB2,000,000	–	99.999%
Shanghai Eagle Investment Limited <i>(note (ii))</i>	Incorporated in the PRC/ Mainland China	Investment holding	RMB30,000,000	–	100%
Anhui Shuanghua Intelligent Technology Co., Ltd. <i>(note (ii))</i>	Incorporated in the PRC/ Mainland China	R&D of automobile parts	RMB37,000,000	–	99.999%
Shanghai Shuanghua Supply Chain Management Co., Ltd <i>(note (ii))</i>	Incorporated in the PRC/ Mainland China	Supply chain management	RMB20,000,000	–	100%
Shanghai Longhua Food Co., Ltd. <i>(note (ii))</i>	Incorporated in the PRC/ Mainland China	Food supply business	RMB30,000,000	–	100%

Notes:

- (i) This entity is a Sino-foreign equity company established under PRC law.
- (ii) These entities are limited liability enterprises established under PRC law.

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

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34. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

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	Financial assets at fair value through profit or loss RMB'000	Financial assets at fair value through other comprehensive income Debt instrument RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	9,127	-	-	9,127
Trade and bills receivables	-	1	28,235	28,236
Financial assets included in prepayments, other receivables and other assets	-	-	2,088	2,088
Cash and cash equivalents	-	-	78,132	78,132
	9,127	1	108,455	117,583

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	Financial assets at fair value through profit or loss RMB'000	Financial assets at fair value through other comprehensive income Debt instrument RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	8,268	-	-	8,268
Trade and bills receivables	-	3	11,951	11,954
Financial assets included in prepayments, other receivables and other assets	-	-	1,955	1,955
Cash and cash equivalents	-	-	79,934	79,934
	8,268	3	93,840	102,111

Notes to the Consolidated Financial Statements

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34. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Financial liabilities – at amortised cost

	2025 RMB'000	2024 RMB'000
Trade payables	18,705	3,980
Financial liabilities included in other payables and accruals	1,996	2,089
Lease liabilities	578	–
	21,279	6,069

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

All the carrying amounts of the Group's financial instruments approximate to their fair values.

Management has assessed that the fair values of cash and cash equivalents, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, trade payables, financial liabilities included in other payables and accruals and lease liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

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

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

The fair values of listed equity investments are based on quoted market prices.

The fair values of the bills receivable classified as financial assets at fair value through other comprehensive income under HKFRS 9 have been calculated by discounting the expected future cash flows, which are the par values of the bills receivable. In addition, the bills receivable will mature within six months, thus their fair values approximate to their carrying values.

The Group invests in unlisted investments, which represent wealth management products issued by banks in the Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the quoted interest rates of the instruments.

Fair value hierarchy

The fair values of the non-current portion of lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for lease liabilities as at the end of the reporting period was assessed to be insignificant.

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35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

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

Assets measured at fair value:

As at 31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted price in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Debt investments at fair value through other comprehensive income:				
Bills receivable	-	1	-	1
Financial assets at fair value through profit or loss:				
Listed equity investments	9,127	-	-	9,127
	9,127	1	-	9,128

As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted price in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Debt investments at fair value through other comprehensive income:				
Bills receivable	-	3	-	3
Financial assets at fair value through profit or loss:				
Listed equity investments	8,268	-	-	8,268
	8,268	3	-	8,271

The Group did not have any financial liabilities measured at fair value as at 31 December 2025 (2024: nil).

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

Notes to the Consolidated Financial Statements

31 December 2025

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between the RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations. The Group seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in foreign exchange rates, with all other variables held constant, of the Group's loss before tax (due to changes in the fair values of monetary assets and liabilities).

2025

	Increase/ (decrease) in rate of foreign currency %	Decrease/ (increase) in loss before tax RMB'000
If RMB weakens against United States dollar	5	1,892
If RMB strengthens against United States dollar	(5)	(1,892)
If RMB weakens against Hong Kong dollar	5	20
If RMB strengthens against Hong Kong dollar	(5)	(20)

2024

	Increase/ (decrease) in rate of foreign currency %	Decrease/ (increase) in loss before tax RMB'000
If RMB weakens against United States dollar	5	1,962
If RMB strengthens against United States dollar	(5)	(1,962)
If RMB weakens against Hong Kong dollar	5	37
If RMB strengthens against Hong Kong dollar	(5)	(37)

Notes to the Consolidated Financial Statements

31 December 2025

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the General Manager and Chairman of the Company.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2025

	12-month ECLs Stage 1 RMB'000	Lifetime ECLs Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	-	-	-	46,851	46,851
Bills receivable**	1	-	-	-	1
Financial assets included in prepayments, other receivables and other assets**					
– Normal	1,224	-	-	-	1,224
– Doubtful	-	-	16,081	-	16,081
Cash and cash equivalents – Not yet past due	78,132	-	-	-	78,132
	79,357	-	16,081	46,851	142,289

Notes to the Consolidated Financial Statements

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2024

	12-month ECLs		Lifetime ECLs		Simplified approach RMB'000	Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Stage 3 RMB'000		
Trade receivables*	–	–	–	–	32,447	32,447
Bills receivable**	3	–	–	–	–	3
Financial assets included in prepayments, other receivables and other assets**						
– Normal	1,415	–	–	–	–	1,415
– Doubtful	–	–	17,929	–	–	17,929
Cash and cash equivalents						
– Not yet past due	79,934	–	–	–	–	79,934
	<u>81,352</u>	<u>–</u>	<u>17,929</u>	<u>–</u>	<u>32,447</u>	<u>131,728</u>

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21 to the consolidated financial statements.

** The credit quality of the bills receivable and financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade and other receivables are disclosed in notes 21 and 22 to the consolidated financial statements.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty and by geographical region. At 31 December 2025, the Group had certain concentrations of credit risk as 45% (2024: 23%) and 92% (2024: 72%) of the Group’s trade receivables were due from the Group’s largest customer and five largest customers, respectively.

Notes to the Consolidated Financial Statements

31 December 2025

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

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

All the Group's financial liabilities at the end of the reporting period are due within one year or payable on demand.

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

2025

	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	Over 1 year RMB'000	Total RMB'000
Trade payables	3,295	15,410	–	–	18,705
Financial liabilities included in other payables and accruals	1,996	–	–	–	1,996
Lease liabilities	–	142	436	–	578
	5,291	15,552	436	–	21,279

2024

	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	Over 1 year RMB'000	Total RMB'000
Trade payables	3,430	550	–	–	3,980
Financial liabilities included in other payables and accruals	2,089	–	–	–	2,089
	5,519	550	–	–	6,069

Notes to the Consolidated Financial Statements

31 December 2025

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

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

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirement. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 31 December 2024.

The Group did not have any borrowings as at 31 December 2025 and 2024.

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.

As at 31 December 2025, the Group's debt and asset ratio being the Group's total liabilities over its total assets was 12.5% (2024: 6.3%).

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities RMB'000
At 1 January 2024	751
Financing cash flows	
– Repayment of lease liabilities	(751)
– Interest paid on lease liabilities	(16)
Non-cash changes	
– Interest expense recognised	16
	<hr/>
At 31 December 2024 and 1 January 2025	–
Financing cash flows	
– Repayment of lease liabilities	(281)
– Interest paid on lease liabilities	(16)
Non-cash changes	
– Additional during the year	859
– Interest expense recognised	16
	<hr/>
At 31 December 2025	578

38. SHARE OPTION SCHEME

In light of the expiry of the share option scheme which was adopted on 8 June 2011 (became effective on 29 June 2011) and expired on 29 June 2021, the Company adopted a new share option scheme on 30 June 2022 (the “2022 Share Option Scheme”) to enable the Company to grant options to eligible participants as incentives or rewards for their contributions to the Group.

The maximum number of shares of the Company (the “Shares”) which may be issued upon exercise of all options granted and to be granted under the 2022 Share Option Scheme is 65,000,000 Shares, representing 10% of the Shares of the Company in issue as at the date of adoption of the 2022 Share Option Scheme and 10% of the Shares of the Company in issue as at the end of the reporting period. The maximum number of Shares issuable under share options granted to each eligible participant in the 2022 Share Option Scheme (including both exercised and outstanding options) within any 12-month period is limited to 1% of the Shares in issue. Any grant or further grant of share options in excess of this limit is subject to approval of the shareholders of the Company in a general meeting. Eligible participants of the 2022 Share Option Scheme include any full-time or part-time employees, executives or officers (including executive and non-executive directors, but excluding independent non-executive directors) of the Company or any of the subsidiaries of the Company, as absolutely determined by the Board.

The 2022 Share Option Scheme is valid and effective for a period of 10 years commencing from the approval of the 2022 Share Option Scheme at the 2021 annual general meeting of the Company held on 30 June 2022. As at 31 December 2025, the remaining life of the 2022 Share Option Scheme is approximately six and a half years. The exercise period of any option granted under the 2022 Share Option Scheme must not be more than ten years commencing from the date of grant. The acceptance of an offer of the grant of the option must be made within 28 days from the date of grant with a non-refundable payment of HKD1.00 from the grantee. A grant of share options under the 2022 Share Option Scheme to a director, chief executive or substantial shareholder of the Company, or to any of their associates, is subject to approval in advance by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the option). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, which would result in the Shares issued and to be issued, upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding), to such person in the 12-month period up to and including the date of the grant in excess of 0.1% of the Shares in issue and with an aggregate value (based on the closing price of the Shares at the date of grant) in excess of HK\$5 million, are subject to shareholders’ approval in advance in a general meeting. The exercise period of the share options granted is determined by the directors, save that such a period shall not be more than 10 years from the date of offer of the share options and subject to the provisions for early termination as set out in the 2022 Share Option Scheme. There is no requirement of a minimum period for which an option must be held before it can be exercised. The subscription price for a Share in respect of any particular option granted under the 2022 Share Option Scheme (subject to adjustments upon capital restructuring) shall be such price as the Board in its absolute discretion shall determine, save that such price must not be less than the highest of (i) the official closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the date of offer to grant option; (ii) the average of the official closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange for the five business days immediately preceding the date of offer to grant option; and (iii) the nominal value of a Share.

No share options have been granted under the 2022 Share Option Scheme since it became effective. During the year ended 31 December 2025, no share options were granted, exercised, lapsed or cancelled, and as at 31 December 2025, no options under the 2022 Share Option Scheme were outstanding. As at the end of the reporting period, the total number of shares available for issue under the 2022 Share Option Scheme was 65,000,000 Shares, representing 10% of the issued share capital of the Company as at the end of the reporting period.

Notes to the Consolidated Financial Statements

31 December 2025

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	117,174	117,174
Total non-current assets	117,174	117,174
CURRENT ASSETS		
Other receivables	201	240
Amounts due from subsidiaries	88,138	103,404
Cash and bank balances	36,409	39,914
Total current assets	124,748	143,558
CURRENT LIABILITIES		
Other payables and accruals	34	34
Total current liabilities	34	34
NET CURRENT ASSETS	124,714	143,524
TOTAL ASSETS LESS CURRENT LIABILITIES	241,888	260,698
NET ASSETS	241,888	260,698
EQUITY		
Issued capital	5,406	5,406
Reserves (<i>note</i>)	236,482	255,292
TOTAL EQUITY	241,888	260,698

Notes to the Consolidated Financial Statements

31 December 2025

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

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

Note:

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

	Share premium RMB'000	Capital reserve RMB'000	Retained profits/ (Accumulated losses) RMB'000	Total RMB'000
At 1 January 2024	133,658	117,131	25,142	275,931
Loss and total comprehensive income for the year	–	–	(20,639)	(20,639)
At 31 December 2024 and 1 January 2025	133,658	117,131	4,503	255,292
Loss and total comprehensive loss for the year	–	–	(18,810)	(18,810)
At 31 December 2025	133,658	117,131	(14,307)	236,482

40. EVENTS AFTER THE REPORTING DATE

Save as aforesaid or otherwise disclosed in the notes to the financial statements, the Group did not have any event after the reporting date.

41. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 31 March 2026.

Particular of Major Investment Properties

Location	Lot number	Use	Our Group's interest %	Lease term	Government lease expiry
No. 488, Yaoqiao Village, Zhelin Town, Fengxian District, Shanghai	Lot No. 5/10, Block 6, Huqiao Town, Fengxian District, Shanghai	Industrial	99.999%	Medium	2055
No. 88, Lane 3111, Huancheng West Road, Fengxian District, Shanghai	Lot No. 78/19, Block 1, Xidu Town, Fengxian District, Shanghai	Industrial	99.999%	Medium	2058
No. 788, Kegong Road, Fengxian District, Shanghai	Lot No. 23/9, Block 5, Huqiao Town, Fengxian District, Shanghai	Industrial	99.999%	Medium	2058

Five Year Financial Summary

	Year ended 31 December				
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
REVENUE	32,690	20,406	100,685	82,778	45,459
Cost of sales	(27,724)	(17,174)	(86,229)	(80,469)	(46,064)
Gross profit/(loss)	4,966	3,232	14,456	2,309	(605)
Other income, gains and losses	4,477	3,366	4,729	6,654	(3,682)
Impairment (losses)/reversals recognised on					
– trade receivables	(5,229)	(2,033)	(1,900)	(2,327)	1,880
– other receivables and other assets	(519)	(5,147)	(8,452)	(3,026)	1,731
Selling and distribution expenses	(1,426)	(1,060)	(1,875)	(1,894)	(1,403)
Administrative expenses	(20,587)	(19,657)	(17,546)	(18,036)	(17,236)
Other expenses	–	–	–	–	–
Interest expense	(63)	(22)	(50)	(16)	(16)
LOSS BEFORE TAX	(18,381)	(21,321)	(10,638)	(16,336)	(19,331)
Income tax credit/(expense)	192	1,372	(1,469)	(560)	521
LOSS FOR THE YEAR	(18,189)	(19,949)	(12,107)	(16,896)	(18,810)
Attributable to:					
Owners of the parent	(18,581)	(19,949)	(12,107)	(16,896)	(18,810)
Non-controlling interests	392	–	–	–	–
	(18,189)	(19,949)	(12,107)	(16,896)	(18,810)
	As at 31 December				
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Total assets	324,195	303,532	318,076	278,319	276,548
Total liabilities	(14,545)	(13,831)	(40,482)	(17,621)	(34,660)
Non-controlling interests	(4)	(4)	(4)	(4)	(4)
	309,646	289,697	277,590	260,694	241,884