

RIDGE
OUTDOOR

2025

Annual Report



Ridge Outdoor International Limited
樂欣戶外國際有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2720

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Company Profile

RIDGE OUTDOOR (02720.HK), guided by the vision of “Reimagine the global leisure lifestyle” and the mission of “Approach nature through innovation”, traces its history back to 1993. With over 30 years of deep expertise in the fishing-related equipment sector, we are a world-leading professional fishing-related equipment enterprise, integrating R&D, design, manufacturing, sales, and brand operations, and continuously delivering high-quality products and services to anglers worldwide.

The fishing gear market comprises both the fishing tackle market and the fishing-related equipment market. As the world’s largest manufacturer of fishing-related equipment, we rank first globally with a dominant market share (23.1% in 2024, according to Frost & Sullivan). Our product portfolio covers more than 10,000 SKUs and is sold across over 40 countries and regions. We have long focused on fishing-related equipment and have developed a comprehensive product portfolio primarily consisting of: (i) chairs, bedchairs and other accessories, such as fishing chairs, fishing bedchairs, rod pods, barrows and seatboxes;(ii) bags, such as shoulder bags, fishing backpacks and rod holdalls; and (iii) tents, such as bivvies, social bivvies and shelters. Our products are meticulously designed and manufactured to cater to a wide range of fishing scenarios, including carp fishing, match fishing, lure fishing, fly fishing and ice fishing and etc.

Our products are sold in more than 40 countries, including mature markets with strong fishing traditions such as the United Kingdom and the United States, as well as fast-growing markets such as China and etc. In 2025, we continued to focus on our global fishing-related equipment business. Leveraging years of industry experience and our global customer network, our revenue maintained steady growth. While further strengthening our advantages in core markets, we also achieved progressive breakthroughs in emerging markets. For example, in South America, we plan to further expand distribution channels and accelerate the localized development of our own-brand business.

We adopt a dual-engine business model of “Brand + Manufacturing”, combining OEM/ODM manufacturing capabilities with a growing OBM business to address diverse market needs. Leveraging our strengths in product portfolio, design and development, supply chain, and quality control, we provide comprehensive OEM/ODM solutions covering the entire process from product design to manufacturing for outdoor fishing equipment brands, and have become a global leader in fishing-related equipment OEM/ODM solutions.

In addition, we have gradually established a brand matrix comprising SOLAR TACKLE + JUE DAI ZONG SHI (絕代宗師) + FINZ TACKLE, which is currently undergoing rapid development and expansion. Driven by innovation and user experience, we will continue to invest in new material applications, cross-disciplinary design integration and the incorporation of technological elements, with a view to delivering high-value products and superior user experiences.

BOARD OF DIRECTORS

Executive Directors

Ms. LEI YANG
Mr. Wu Guihua

Non-executive Directors

Mr. Yang Baoqing (*Chairman of the Board*)

Independent Non-executive Directors

Mr. Ding Feng
Mr. Han Hongling
Mr. Shu Yuanchao

BOARD COMMITTEES

Audit Committee

Mr. Han Hongling (*Chairperson*)
Mr. Yang Baoqing
Mr. Ding Feng

Remuneration Committee

Mr. Ding Feng (*Chairperson*)
Mr. Yang Baoqing
Mr. Han Hongling

Nomination Committee

Mr. Ding Feng (*Chairperson*)
Ms. LEI YANG
Mr. Shu Yuanchao

JOINT COMPANY SECRETARIES

Ms. Xue Yuanyuan
Ms. Wong Wai Yee, Ella

AUTHORIZED REPRESENTATIVES

Ms. LEI YANG
Ms. Wong Wai Yee, Ella

REGISTERED OFFICE

Floor 4, Willow House Cricket Square
Grand Cayman KY1-9010 Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Hangzhou, Zhejiang Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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SHARE REGISTRAR

Principal Share Registrar and
Transfer Office in the Cayman Islands
Campbells Corporate Services Limited
Floor 4, Willow House Cricket Square
Grand Cayman KY1-9010 Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
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Zhong Lun Law Firm LLP
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Central
Hong Kong

AUDITOR

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered
in accordance with the Accounting and
Financial Reporting Council Ordinance
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10 Chater Road, Central
Hong Kong

COMPLIANCE ADVISOR

Guotai Junan Capital Limited
27/F, Low Block Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

PRINCIPAL BANK

Citibank N.A., Hong Kong Branch

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Stock Code: 2720
Date of Listing: February 10, 2026

COMPANY WEBSITE

www.ridgeoutdoor.com

INVESTOR RELATIONS

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Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last four financial years*, as extracted from the audited financial statements of the Group, is set out below:

	2025	2024	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	662,471	573,463	463,251	818,412
Cost of sales	(476,270)	(420,783)	(340,027)	(628,279)
Gross profit	186,201	152,680	123,224	190,133
Other net income/(loss)	2,006	(1,038)	(9,215)	6,267
Selling and distribution expenses	(23,047)	(16,939)	(14,196)	(12,332)
Administrative expenses	(56,532)	(51,215)	(30,596)	(30,893)
Research and development costs	(5,314)	(3,538)	(3,906)	(523)
Impairment loss on trade receivables	(157)	(123)	(274)	(73)
Profit from operations	103,157	79,827	65,037	152,579
Finance costs	(5,148)	(822)	(359)	(171)
Profit before taxation	98,009	79,005	64,678	152,408
Income tax	(24,138)	(19,600)	(15,677)	(38,557)
Profit for the year	73,871	59,405	49,001	113,851
Total current assets	295,722	289,141	184,160	266,264
Total non-current assets	47,367	51,193	57,497	67,317
Total current liabilities	313,784	384,345	101,471	173,820
Total non-current liabilities	879	1,294	3,200	5,218
Net assets/(liabilities)	28,426	(45,305)	136,986	154,543

* The shares of the Company were listed on the Main Board of the Stock Exchange on February 10, 2026.

Dear Shareholders,

In 2025, while the global economy was still seeking balance amidst cyclical fluctuations, the outdoor leisure industry in which we operate ushered in an unprecedented structural transformation. Fishing is no longer a competitive hobby confined to niche circles; it is rapidly evolving into an “emotional outlet” and “social currency” for billions of young people globally. Rooted in our profound insights into these fundamental industry changes, we resolutely advanced our strategic upgrade from a “global manufacturing leader” to a “global fishing-related equipment brand leader” over the past year. All our investments, layouts, and breakthroughs centered around one core proposition: how to capitalize on the historic opportunities brought by this consumption upgrade to create enduring value for users and generate more sustainable returns for our shareholders.

This year, we delivered an answer sheet “emphasizing both scale and efficiency”: the Company achieved revenue of RMB662.5 million, representing a year-on-year increase of 15.5%; profit for the year was RMB73.871 million, representing a strong year-on-year increase of 24.4%, with profit growth continuously outpacing revenue growth; and gross profit amounted to RMB186.2 million, representing a year-on-year increase of 22.0%. Behind this set of data lies not simple scale expansion, but the inevitable outcome of our proactive business structure optimization and enhancement of product value-add. This indicates that Ridge Outdoor has stepped out of the manufacturing era of “winning by cost” and entered a new stage of high-quality development driven by brand and innovation.

I. BRAND AS THE FOUNDATION: THE CORE ASSET TO TRAVERSE CYCLES

We firmly believe that manufacturing capability is the foundation of corporate survival, while brand capability is the core moat to traverse economic cycles. Over the past 30 years of dedication, we have become a global leader in fishing-related equipment OEM/ODM solutions relying on ultimate manufacturing efficiency. However, we clearly recognize that pure OEM/ODM business is highly susceptible to downstream customer fluctuations, and profit margins are constantly squeezed. Therefore, we established a dual-driven business model centered on OEM/ODM and supported by OBM early on, and 2025 marks the critical juncture where this strategy has advanced from the “cultivation period” into the “development period”.

Revenue of SOLAR TACKLE, a well-known carp fishing brand under the Group, achieved a year-on-year growth of 30.5% for the full year, and its market share in Europe continues to rise. This achievement is not merely a simple product export, but the result of our deep implementation of a localized operation model -we retained the local R&D and marketing teams in the U.K., deeply integrated into the local fishing culture, and further locked in long-term strategic cooperation with renowned U.K. retailers, making SOLAR TACKLE a truly recognized local brand among European anglers. Furthermore, the launch of two major brands tailored for the domestic market, “JUE DAI ZONG SHI (絕代宗師)” and FINZ TACKLE, represents our precise response to the differentiated demands of the domestic market: the former targets experienced anglers seeking ultimate professionalism, while the latter focuses on serving the young consumer groups pursuing fashionable leisure fishing. By adopting a differentiated brand strategy, we hope to cover the demands of users across different age groups and various fishing techniques, ultimately providing users with a comprehensive set of fishing lifestyle solutions.

II. FULL-CATEGORY LAYOUT: FULFILLING USERS' FULL-SCENARIO DEMANDS

With the popularization of the fishing sport, consumers' demands have upgraded from “buying a fishing rod” to “creating a complete fishing experience”. From fishing equipment during the activity to bedchairs for resting, and from bags for travel to tents for camping, unmet pain points exist in every aspect. This is the fundamental reason why we have invested substantial resources in building a full-category product matrix.

In 2025, our research and development costs increased by 50.2% year-on-year, and the number of product SKUs exceeded 10,000. We are not doing this to merely stack numbers, but to focus on real user pain points for innovation: high value-added products such as electric barrows have solved the problem of carrying heavy loads over long distances for anglers, ergonomically designed high-end fishing chairs relieve the fatigue of long fishing sessions, and lightweight tents and bags make outdoor travel more convenient. At the same time, we keenly grasp the social attributes of the fishing sport, and by developing series of cultural and creative peripheral products and organizing diversified online and offline activities, we have made fishing become more interesting, warmer, better and more social.

Chairman's Statement

III. GLOBALIZED LAYOUT: SHARING GLOBAL GROWTH DIVIDENDS

The growth of a single market always has a ceiling, whereas globalized operations allow us to diversify risks and share the growth dividends of different regions. We adhere to the dual-driven strategy of “consolidating the core and expanding into emerging markets”: in the core European region where we have deeply cultivated for years, the proportion of revenue reached 76.6%, continuously widening our brand influence and channel advantages; in emerging markets such as South America, we successfully achieved a breakthrough from 0 to 1, opening up brand new channels for future growth; and in the Chinese market, which holds the greatest potential for fishing consumption globally, we innovatively laid out a “front pond, back shop” (前塘後店) model, opening experience stores directly beside the fishing ponds to allow users to try products on-site while rapidly gathering user feedback, moving further closer to end-users and deepening localized market penetration.

IV. SUPPLY CHAIN FOUNDATION: THE BASIS FOR REALIZING BRAND ASPIRATIONS

All brand aspirations ultimately rely on robust products for support. In 2025, we continued to consolidate our solid foundation of lean production and intelligent manufacturing: our total plant area reached 63,800 sq.m., 41 new units of smart equipment were put into operation, key operational process efficiency increased by more than 50%, and the first-pass yield rate of hardware products improved to 96.5%. Our investment in intelligent manufacturing is not an end in itself to merely reduce costs; rather, it aims to guarantee the stability of global supply and ensure that every product delivered to users maintains consistent high quality. Only by fortifying this robust supply chain capability can our brand expansion proceed steadily and enduringly.

Looking ahead to 2026 and further into the future, our goals are clear and firm: capitalizing on the capital platform advantages of listing on the Hong Kong Stock Exchange, and centered around the four core strategic directions to “holistically strengthen OBM brand operations, advance the continuous development of full-category products, expand into new global markets, and optimize supply chain digitalization”, we will comprehensively upgrade from a “manufacturing leader” to a “brand leader”. We will continuously increase brand investments and market expansion to bring Ridge Outdoor's brands into the lives of more anglers worldwide; we will continuously increase our investment in R&D and innovation, empowering products with technology to create better outdoor experiences for users; and we will continuously optimize supply chain efficiency to build a more competitive global operation system.

Dear shareholders, we believe that true growth is never achieved overnight; it lies in profound insights into industry trends and resolute execution of long-term strategies. The joy of fishing stems from upholding fundamentals while innovating; the prosperity of an enterprise lies in steady and long-term progress. In the future, we will consistently uphold the vision of “Reimagine the global leisure lifestyle” and the mission of “Approach nature through innovation”, and continuously create a wonderful outdoor leisure life for global consumers with firmer beliefs and more professional capabilities, and we will reciprocate the strong support and trust of every investor with long-term, stable value returns.

Mr. Yang Baoqing
Chairman
Ridge Outdoor International Limited
April 2026

Management Discussion and Analysis

BUSINESS REVIEW

The Group achieved revenue of approximately RMB662.5 million for FY2025, representing an increase of 15.5% as compared to approximately RMB573.5 million for FY2024.

OUR BUSINESS MODEL

Our Company adopts a dual-driven business model: firstly, centered on original equipment manufacturer/original design manufacturer (“**OEM/ODM**”), we provide overseas fishing brands with one-stop supply chain solutions spanning across the entire process from product research and development (“**R&D**”) to manufacturing; secondly, supported by original brand manufacturer (“**OBM**”), we conduct localized market operations through our own brands.

After over 30 years of dedication, our Company has built a unique multi-category production and supply chain management system within the industry. In the highly fragmented fishing tackle industry, our Company possesses significant scale effects and core competitive advantages. Meanwhile, relying on the user recognition accumulated through OBM operations, as well as our market-validated engineering design capabilities, our Company can sustainably expand our product matrix, timely responding to emerging fishing technique trends and diversified regional market demands.

During the Reporting Period, the number of our Company’s product stock keeping units (“**SKUs**”) has exceeded 10,000. Our Company has consistently taken innovation and user experience as the core driving forces for development. In the future, we will continuously strategize the application of new materials, cross-boundary design integration, and the incorporation of technological elements, sustainably creating high-value products and quality user experiences for users.

OWN-BRAND BUSINESS (OBM BUSINESS)

Our Company’s brand business implements a strategy of multi-line layout and localized deep cultivation, precisely focusing on different regional and fishing technique demands.

Tailored for domestic anglers, our Company launched the “JUE DAI ZONG SHI (絕代宗師)” brand, focusing on creating high-quality leisure fishing scenarios, with a core coverage of wild fishing and Suspended Float Fishing user groups.

Meanwhile, Ridge Outdoor created the fashionable lure fishing lifestyle brand FINZ TACKLE, laying out a fast-growing segmented fishing technique track to better serve the young consumer groups. Its cultural and creative products, featuring emotional value and cultural attributes, are widely favored by anglers, effectively driving online secondary creation and topic dissemination.

The European market is operated under Ridge Outdoor’s SOLAR TACKLE brand, focusing on the localized carp fishing demographic. During the Reporting Period, by introducing excellent industry talents and carrying out targeted localized marketing in the European region, our Company drove the brand’s sales performance to achieve a 30.5% growth compared to 2024, further validating the forward-looking nature of our Company’s localized sales strategy. In the future, by solidifying SOLAR TACKLE and concurrently building or acquiring additional fishing gear brands, our Company will gradually form a more enriched and comprehensive fishing gear brand matrix.

Management Discussion and Analysis

OEM/ODM BUSINESS

Capitalizing on our product portfolio, product design and development, supply chain and quality control, we offer outdoor fishing-related equipment brands with OEM/ODM solutions spanning across the entire process from product design to manufacturing. We have become a global leader in fishing-related equipment OEM/ODM solutions. The Company's core business region is Europe, and others include Chinese Mainland, North America, etc. Our core customers primarily include leading global fishing-related equipment brands such as Decathlon, Pure Fishing, Rapala VMC, FOX, NASH, CIPHER, and Ardisam, with stable cooperative relationships. In 2025, the revenue share of the top 10 customers fell to 71.4% (a year-over-year decrease of 1.2%), while the number of high-quality mid-tier customers increased significantly. This was attributable to the gradually emerging effects of the Company's market expansion, steering our overall business structure towards a more balanced and sustainable direction.

In 2025, the Company successfully developed 23 highly strategically aligned new customers. Both parties have established a solid foundation for cooperation, and with business expansion, the procurement scale is expected to achieve significant growth in the future. The exploration of these new markets has further broadened the Company's sales network and injected new growth momentum into the continuous increase of revenue.

In terms of high-potential markets, we successfully acquired 13 new customers, with the development of regions such as South America being particularly outstanding. Although the initial cooperation scale is still being cultivated, regional market demand remains steady. With the deepening of cooperation and the upgrading of services, the potential for subsequent orders is promising.

Relying on advanced technologies such as digitalization and intelligence, we strengthened the control of key aspects in the high-end fishing rod industry chain, increased investment in R&D and production, and successfully developed nearly 20 new high-end fishing rod customers.

OUR PRODUCTS

We have cultivated a broad portfolio of fishing-related equipment and other products primarily encompassing (i) chairs, bedchairs and other accessories, (ii) bags and (iii) tents. We are committed to user experience and strive to provide professional and reliable solutions for rest, camping, storage, shelving and transportation. As of December 31, 2025, our product portfolio included over 10,000 SKUs of fishing-related equipment, covering fishing chairs, fishing bedchairs, rod pods, seatboxes, barrows, bivvies, brollies, fishing bags and landing nets, etc.

During FY 2025, the Group delivered over 1,700 new products, of which most projects achieved order conversions in the same year. This further demonstrates the Group's development efficiency and the accuracy of our market judgment.

SUPPLY CHAIN OPTIMIZATION

Our supply chain has achieved significant improvements in FY2025:

Plant area: As of the end of 2024, our total plant area was 51,375.71 sq.m. As of the end of 2025, the total plant area reached 63,804.12 sq.m., representing an increase of 12,428.41 sq.m.

Investment in new equipment: In 2025, 41 new units of equipment were put into operation, such as automatic fabric cutting machines, automatic welding robots, laser beveling machines, and deburring machines, improving safety, efficiency, and quality assurance to a certain degree.

Management Discussion and Analysis

Process improvements newly implemented in 2025: 1) Introduced new process equipment such as automatic iron welding, laser bevel cutting, automatic fabric cutting machines, and other smart equipment to enhance production efficiency and ensure manufacturing quality. Simultaneously, small automated equipment like port deburring machines, winding machines, and labeling machines were introduced to significantly improve key operational processes, which is expected to increase key operational process efficiency by more than 50%; 2) Focused on the optimization of special tooling and molds: completed the tooling of 140 sets of hardware molds and 88 sets of inspection tools, significantly improving hardware processing precision; 3) Reinforced the process technology department to systematically promote process improvements, submitting a total of 256 issues with a closed-loop rate of 81%, effectively urging continuous optimization in the upstream design phase. 4) Perfected the trial production process to identify and resolve potential issues in advance, substantially mitigating quality risks during the mass production stage; 5) Optimized the SOP (Standard Operating Procedure) for installation, completing the standardized preparation for 63 products to ensure clear guidelines on the production floor, thereby effectively enhancing the process execution of frontline employees and the stability of product quality; 6) Enhanced hardware quality: provided training for sample sealing inspectors and line leaders, established a new assessment mechanism to empower the team, exercised strict control over the production process to improve the first-pass yield rate, and handled abnormal issues timely and efficiently, thereby increasing the hardware qualification rate to 96.5%.

PRODUCT DESIGN AND DEVELOPMENT INNOVATION

Adhering to the core philosophy of “getting close to nature with technology”, the Group has continuously maintained highly active innovation capabilities and efficient delivery capabilities. Through data mining and analysis, we can quantitatively assess market demand, while superimposing real user interaction experiences to conduct rapid iteration and prototype optimization for innovative projects. It is particularly worth noting that the Group has perfected the establishment of a strategic partner information database for technology-driven development projects, providing a sustainable resource platform for the development of new electrified, intelligent, and cross-boundary products. In 2025, in the Company’s in-house R&D projects, more than half of the new products that have been successfully commercialized have incorporated the “three new” philosophy of “new materials, new processes and new technologies”. Over the past three years, we have achieved a proportion of new products exceeding 20% of our total revenue, further validating that our self-created business assessment system and project management system possess relatively accurate market value and technological barriers.

PATENTS

The patent application performance during the same period also further reflects our R&D capabilities. In 2025, the Company added 13 new patents in China, including 9 utility model patents and 4 design patents; as well as 7 new patents in countries or regions outside China, including 5 utility model patents and 2 invention patents.

OUR STRATEGIES

We intend to implement the following strategies to further develop our business:

- Holistically strengthen OBM operations, expand own brand portfolio and increase direct market engagement;
- Advance the continuous development of a full-category, well-structured product range to cover diverse scenarios;
- Expand global market reach and build new growth engines; and
- Continuously optimize the supply chain and improve digital operations.

Management Discussion and Analysis

OUTLOOK FOR 2026

Looking ahead to 2026, Ridge Outdoor will continue to explore full-category development pathways within fishing scenarios and integrate technology to enhance the fishing experience. On the one hand, relying on technological advantages such as the cross-disciplinary background of our own development team, the integration capability of our supply chain system, and deep user insights, we will consolidate our competitive advantages in the fishing-related equipment industry while making cross-category breakthroughs. On the other hand, accelerating the rapid expansion of the brand business, Ridge Outdoor will focus on the domestic market to customize a brand matrix suitable for local user habits, thereby building a localized ecosystem. We plan to achieve a multi-brand matrix sales model by 2030, forming a product matrix that covers multiple categories, diverse fishing techniques, and various tiers, providing more premium products and services for global users.

PRINCIPAL RISKS OF THE GROUP

Industry Competition Risks

We face intense competition in the fishing-related equipment industry. Although the Group already occupies a leading position in the fishing-related equipment industry, if market competition further intensifies, it could have a certain degree of impact on the Group's future revenue and profitability.

Supplier Management Risks

Although the Group has rigorous supplier selection criteria and a quality control system, we rely on the stability of our supply chain. Any loss or deterioration in our relationship with our key suppliers, or if suppliers fail to deliver as agreed, could adversely affect our business, financial condition and results of operations.

Foreign Exchange Risk

Currently, the Company's operating revenue is primarily derived from overseas markets; therefore, significant fluctuations in the RMB exchange rate would have a certain impact on the Company's operating revenue. The Group is primarily exposed to foreign exchange risk arising from sales and purchases, which involve receivables, payables, and cash balances denominated in currencies other than the functional currency of the relevant transactions. The currencies involved in foreign exchange risk primarily include the U.S. dollar, Hong Kong dollar, British pound, and Euro. The Group manages its foreign exchange risk using foreign exchange forward contracts and foreign exchange option contracts.

INTERNAL MANAGEMENT

Legal Compliance

To the best knowledge of the Directors and management, we are not aware of any non-compliance with laws or regulations that would have a material impact on the Group.

As part of our corporate governance practices, the Audit Committee regularly reviews and monitors the Group's policies and practices regarding compliance with legal and regulatory requirements.

Employees and Remuneration Policies

Talents have always been the most valuable resources of the Group. In terms of the remuneration system, the Group has established a full-value-chain and diversified incentive mechanism, forming a comprehensive remuneration system covering all businesses that includes basic salary, performance-based salary, short-term incentives, and medium-to-long-term incentives, which greatly stimulated the enthusiasm of various operating units and employees. The remuneration committee of the Company reviews such packages annually or when necessary. The Company also provides merit-based incentive scheme, which aims to provide incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Group also provides regular training for its employees.

Management Discussion and Analysis

The Company has placed the executive equity incentive plan on its agenda and has currently initiated the formulation of the scheme, the details of which have not been finalized or confirmed as at the date of this annual report. The grant of award shares enables the Company to attract, motivate, and reward the grantees, encouraging them to work towards enhancing the Group's cohesion and long-term success. It also fosters a shared sense of mission and responsibility by aligning the interests of the grantees, the shareholders of the Company (the "**Shareholders**"), and the Company.

As of December 31, 2025, the Group had 1,002 employees (December 31, 2024: 901 employees). For FY2025, the Group's total staff costs were approximately RMB130.7 million (FY2024: approximately RMB110.0 million).

FINANCIAL REVIEW

Revenue

For FY2025, the Group's revenue was approximately RMB662.5 million (FY2024: approximately RMB573.5 million).

Breakdown of revenue by product category

	2025		2024	
	Amount RMB'000	%	Amount RMB'000	%
Sales of products				
– Chairs, bedchairs and other accessories	324,529	49.0	290,743	50.7
– Bags	180,114	27.2	144,000	25.1
– Tents	152,841	23.1	131,054	22.9
– Others	4,177	0.6	6,735	1.2
Rental income	810	0.1	931	0.1
Total	662,471	100.0	573,463	100.0

Breakdown of revenue by geographic region

	2025		2024	
	Amount RMB'000	%	Amount RMB'000	%
Europe	507,272	76.6	420,435	73.3
Chinese Mainland	91,686	13.8	87,446	15.2
North America	44,707	6.8	49,959	8.7
Others ⁽¹⁾	18,806	2.8	15,623	2.8
Total	662,471	100.0	573,463	100.0

(1) Others refer to Oceania, Africa, South America and Asia-Pacific (excluding Chinese Mainland).

Management Discussion and Analysis

I. Overall Revenue Analysis

The increase in revenue in 2025 was primarily attributable to: (i) relying on strong R&D and customization capabilities, the Company served core customers in expanding their product categories, which effectively drove revenue growth; (ii) market expansion efforts yielded results, with new markets and new customers bringing in revenue growth; and (iii) regarding the overseas own-brand business, through more resolute strategic execution, we translated our growing team capabilities into market achievements, which not only consolidated our market position but also realized rapid revenue growth.

II. Breakdown of Revenue by Product Category

Revenue of chairs, bedchairs and other accessories increased by approximately 11.6% from FY2024 to FY2025 primarily due to higher customer demand for high-value products such as electric barrows, high-end fishing chairs, and bedchairs, as well as the market recovery which boosted customers' enthusiasm for stockpiling.

Revenue of bags increased by approximately 25.1% from FY2024 to FY2025 primarily because (i) the procurement demand for bag products from certain core customers continued to rise, further expanding the order scale; and (ii) the successful expansion of new customers brought new business increments in the bag category.

Revenue of tents increased by approximately 16.6% from FY2024 to FY2025 primarily because (i) core customers launched innovative products that met market demand, where enhanced sales drove increased procurement; and (ii) sustained repurchases from existing customers resulted in steady order growth.

III. Breakdown of Revenue by Geographic Region

1. Europe: The proportion of revenue increased from approximately 73.3% in FY2024 to approximately 76.6% in FY2025, primarily due to the overlay of two factors. First, our cooperation with core European customers continued to deepen, and their recognition of the Company's product innovation and comprehensive service capabilities continuously improved, driving the growth of procurement orders. Second, the overseas own-brand business achieved breakthroughs in the European market, and its revenue growth further consolidated the important position of the European market.
2. Chinese Mainland: The proportion of revenue decreased from approximately 15.2% in FY2024 to approximately 13.8% in FY2025 mainly because, 1, revenue from the Chinese Mainland increased thanks to the Company's continuous exploration of new domestic markets and high-quality new customers; 2, the domestic market business is still in its nascent stage, and its growth rate was lower than that of other markets, which led to the decrease in the proportion of revenue from Chinese Mainland.
3. North America: The proportion of revenue decreased from approximately 8.7% in FY2024 to approximately 6.8% in FY2025 primarily due to frequent macroeconomic policy fluctuations, which increased the uncertainty of customers' procurement strategies.

Cost of Sales

For FY2025, the Group's total cost of sales was approximately RMB476.3 million (FY2024: cost of sales was approximately RMB420.8 million), representing a year-on-year increase of 13.2%. The increase was primarily due to the trend of increasing cost of sales in line with the increase in revenue.

Management Discussion and Analysis

Gross Profit and Gross Profit Margin

For FY2025, the Group recorded a gross profit of approximately RMB186.2 million (FY2024: a gross profit of approximately RMB152.7 million), representing a year-on-year increase of 22.0%.

For FY2025, the Group recorded a gross profit margin of approximately 28.1% (FY2024: a gross profit margin of approximately 26.6%), representing an increase of 1.5 percentage points from 2024. This increase was primarily due to (i) increased revenue from high value-added products; (ii) an increased revenue proportion from the brand business, which commanded a higher gross profit margin; (iii) the favorable price of core raw materials such as iron; and (iv) the Company's investment in new equipment and continuous process improvements, which enhanced production efficiency, thereby reducing the unit production cost.

Other Net Income or Loss

For FY2025, the Group's other net income was approximately RMB2.0 million (FY2024: other net loss of RMB1.0 million), representing a significant year-on-year increase. This increase was primarily due to a change in the strategy on use of derivative financial instruments in 2025 (being foreign exchange swap was conducted in 2024, resulting in a foreign exchange loss, while no foreign exchange swap were conducted in 2025).

Selling and Distribution Expenses

For FY2025, the Group's selling and distribution expenses were approximately RMB23.0 million (FY2024: selling and distribution expenses of approximately RMB16.9 million), representing a year-on-year increase of approximately 36.1%. This increase was primarily due to (i) increased promotion expenses resulting from strengthened sales and marketing efforts; and (ii) an increase in the number of marketing personnel following an organizational structure adjustment to match the business growth strategy.

Our selling and distribution expenses primarily consisted of (i) employment benefit expenses, which mainly represented wages and salaries paid to sales and marketing staff; (ii) advertising and promotion expenses, which mainly represented our business publicity expenses, exhibition expenses and traveling expenses to expand our business; and (iii) commission fees, which mainly represented the fees paid to intermediary service providers for identifying potential customers and facilitating our product sales.

Administrative Expenses

For FY2025, the Group's administrative expenses were approximately RMB56.5 million (FY2024: administrative expenses of approximately RMB51.2 million), representing a year-on-year increase of approximately 10.4%. This increase was primarily due to (i) an increase in total remuneration expenses driven by the introduction of external professional talent and an overall increase in headcount to support business expansion; and (ii) an increase in advisory and consulting fees, despite a year-on-year decrease in listing expenses.

Our administrative expenses primarily consist of employee benefit expenses, which mainly represent wages and salaries paid to administrative staff.

Management Discussion and Analysis

Research and Development Costs

For FY2025, the Group's research and development costs were approximately RMB5.3 million (FY2024: research and development costs of approximately RMB3.5 million), representing a year-on-year increase of approximately 50.2%. This increase was primarily due to (i) the expansion of the product portfolio and the application of new materials; (ii) increased investments in ODM, resulting in improvements in both the quantity and speed of new product launches; and (iii) the enhancement of the overall strength of the R&D team, including the introduction of external professional talent.

Our research and development costs primarily consisted of (i) employment benefit expenses, which mainly represented wages and salaries paid to R&D staff; and (ii) raw material costs used for product design and development.

Impairment Loss on Trade Receivables

For FY2025, the Group's impairment loss on trade receivables was approximately RMB157,000 (FY2024: impairment loss on trade receivables of approximately RMB123,000), representing a year-on-year increase of approximately 27.6%. This increase was primarily due to the corresponding increase in the total trade receivables at the end of the Reporting Period as the sales scale expanded, which concurrently drove up the total provision for impairment recognized under the expected credit loss model.

Finance Costs

For FY2025, the Group's finance costs were approximately RMB5.1 million (FY2024: finance costs of approximately RMB0.8 million), representing a year-on-year increase of approximately 526.3%. This increase was primarily due to the increase in bank loans required for business expansion, which correspondingly led to an increase in bank loan interest.

Income Tax

For FY2025, the Group's income tax was approximately RMB24.1 million (FY2024: income tax of approximately RMB19.6 million), representing a year-on-year increase of approximately 23.2%. This increase was broadly in line with the increases in revenue, gross profit, and profit before taxation.

Profit for the Year

For FY2025, the Group's profit was approximately RMB73.9 million (FY2024: a profit of approximately RMB59.4 million), representing a year-on-year increase of approximately 24.4%. The steady increase in profit for the year was primarily due to the aforementioned significant increase in revenue in 2025, coupled with the notable results achieved in cost and expense control resulting in steady improvement in the profit for the year.

Liquidity and Financial Resources

The Group's financial position remains robust and recorded a net operating cash inflow during FY2025. As at December 31, 2025, the Group's total cash and cash equivalents was RMB55.7 million (primarily denominated in RMB), representing a decrease of approximately 15.2% compared to the cash and cash equivalents of RMB65.7 million as at December 31, 2024. This decrease was primarily due to an increase in cash outflows from financing activities, particularly the early repayment of a RMB45.0 million bank loan (originally due in January 2026) before the end of 2025.

Resources of funding primarily come from operating cash flows and loans from financial institutions. These funds are used to meet daily operational needs, support the growth of core business operations, facilitate strategic investments, and optimize the debt structure. The Company maintains an adequate balance of cash and cash equivalents, retains unused bank credit lines, optimizes financing costs, and enhances its bargaining power with financial institutions.

Management Discussion and Analysis

Borrowings

	As at December 31, 2025 RMB'000	As at December 31, 2024 RMB'000
Terms of repayment		
repayable on demand or within 1 year	200,143	100,092
repayable after 1 year but within 2 years	N/A	N/A
repayable after 2 years but within 5 years	N/A	N/A
repayable after 5 years	N/A	N/A
Total	200,143	100,092

As at December 31, 2025, all of the borrowings of the Group, denominated in RMB, bore interest at fixed rates. Of these borrowings, RMB150,119,000 were secured loans, which were secured by the land use rights and plant and buildings with the carrying amount of RMB573,000 and RMB29,780,000 as at December 31, 2025, respectively.

Contingent Liabilities

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

Key Financial Ratios

The following table sets forth our key financial ratios as of the date indicated:

	As at December 31, 2025	As at December 31, 2024
Gross profit margin ⁽¹⁾	28.1%	26.6%
Net profit margin ⁽²⁾	11.2%	10.4%
Current ratio ⁽³⁾	0.9	0.8
Quick ratio ⁽⁴⁾	0.6	0.4
Gearing ratio ⁽⁵⁾	11.1	-8.5

Notes:

- (1) Gross profit margin is calculated based on gross profit divided by revenue and multiplied by 100%.
- (2) Net profit margin is calculated based on net profit divided by revenue and multiplied by 100%.
- (3) Current ratio is calculated based on total current assets divided by total current liabilities. As of December 31, 2025, our current ratio was relatively low because our total current liabilities was relatively high due to the increase in trade and other payables in 2025.
- (4) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities. As of December 31, 2025, our quick ratio was relatively low because our total current liabilities was relatively high due to the increase in trade and other payables in 2025.
- (5) Gearing ratio is calculated by dividing total liabilities at year end by total equity attributable to shareholders of the Company.

Pledges Of Asset

Save as disclosed in this annual report, as of December 31, 2025, the Group had no significant asset pledges.

Directors' Report

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

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Group are the manufacturing and sale of fishing-related equipment. Our products had been sold to over 40 countries, including mature markets with rich fishing traditions such as the U.K. and U.S., as well as rapidly growing markets such as China and Southeast Asia. The details of the principal activities of the Company's principal subsidiaries are set out in note 14 to the financial statements.

BUSINESS REVIEW

The Group's business review is set out on pages 7 to 11 of this annual report.

FOUR-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the latest four financial years is set out on page 4 of this annual report.

ENVIRONMENTAL POLICIES

The Group devotes to support environmental sustainability and is subject to PRC environmental laws and regulations, which include regulations on air and noise pollution and discharge of waste and water. The Group has adopted various compliance measures to ensure adherence to the relevant laws, rules, and regulations. In compliance with ESG Reporting Guidelines set out in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Details of the Group's environmental policies are set out in the section headed "Environmental, Social and Governance Report" of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

There was no incident of non-compliance with relevant laws and regulations that had or would have a significant impact on the Company during FY2025.

RESULTS

The Group's results for FY2025 are set out in the consolidated statement of profit or loss of this annual report.

SIGNIFICANT INVESTMENT HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group had no significant investment (including any investment in an investee company with a value of 5% or more of the Group's total assets as of December 31, 2025) during FY2025.

Except for the plans disclosed in the "Future Plans and Use of Proceeds" section of the Prospectus, the Group has no specific plans to make significant investments or acquire major capital assets. However, the Group will continue to seek new opportunities for strategic investments and/or acquisitions to achieve its long-term growth strategy. For further details, please refer to the "Future Plans and Use of Proceeds" section of the Prospectus.

MATERIAL ACQUISITIONS AND/OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES, AND JOINT VENTURES

During FY 2025, we did not engage in any material acquisitions or disposals of subsidiaries, associates, or joint ventures.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for FY2025.

The Company is not aware of any arrangements under which a Shareholder has waived or agreed to waive any dividends.

SHARE CAPITAL

Details of the movements in the share capital of the Company during FY2025 are set out in note 24 to the financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during FY2025 are set out in the consolidated statement of changes in equity and note 24 to the financial statements, respectively.

DISTRIBUTABLE RESERVES

As at December 31, 2025, the Company did not have any distributable reserves.

DEBENTURES

The Company has not issued any debenture during FY2025.

EQUITY-LINKED AGREEMENTS

For FY2025, no equity-linked agreement was entered into by the Company or still subsist as at 31 December 2025.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during FY2025 are set out in note 11 to the financial statements.

Directors' Report

MAJOR CUSTOMERS AND SUPPLIERS

Revenue attributable to the Group's single largest customer and five largest customers accounted for approximately 15.6% and 54.0% of the Group's revenue respectively in FY2025.

The aggregate purchases from the Group's single largest supplier and five largest suppliers accounted for approximately 13.9% and 34.2% respectively, of the Group's total purchases for FY2025.

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

Topsun Group, one of our five largest customers in each year or period during the Track Record Period, was also one of our five largest suppliers in each respective periods.

Save as disclosed above, none of the Directors or any of their associates, or any shareholders who, to the knowledge of the Directors, own more than 5% of the Company's issued share capital have any interest in the Group's five largest suppliers or customers.

For the year ended December 31, 2025, there was no material and significant dispute between the Group and its suppliers and/or customers.

DONATIONS

During FY2025, the Company had no charitable contributions or other donations (FY2024: nil).

SUBSIDIARIES

Details of the Company's principal subsidiaries as at December 31, 2025 are set out in note 14 to the financial statements.

SHARE SCHEMES

Nil

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company, under which they agreed to act as executive Directors. Each of the non-executive Directors and independent non-executive Directors has signed a letter of appointment with the Company, under which they agreed to act as non-executive Directors or independent non-executive Directors. The term commences from their respective dates of appointment until the third annual general meeting of the Company after the Listing Date (subject to the re-election provisions as required by the Articles of Association). Either party has the right to terminate the agreement by giving not less than three months' written notice.

None of the Directors has entered into a service agreement with any member of the Group that cannot be terminated by the Group within one year without payment of compensation (other than statutory compensation).

The Directors as of the date of this report are:

Executive Directors

Ms. LEI YANG (NC)
Mr. Wu Guihua

Non-executive Director

Mr. Yang Baoqing (Chairman, AC,RC)
Ms. Wen Meixia⁽¹⁾

Independent Non-executive Directors

Mr. Ding Feng (AC,RC,NC)
Mr. Han Hongling (AC,RC)
Mr. Shu Yuanchao (NC)

AC: Audit Committee

RC: Remuneration Committee

NC: Nomination Committee

Details of the biographies of the Directors of the Company are set out on pages 45 to 50 of this annual report.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the financial year. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors and officers.

Note:

(1) Ms. Wen Meixia resigned as non-executive director due to her other work commitments on April 8, 2026

Directors' Report

DIRECTORS' INTERESTS IN CONTRACTS, TRANSACTION OR ARRANGEMENT OF SIGNIFICANCE

None of the Directors has or had material beneficial interests, whether directly or indirectly, in any significant contract, transaction or arrangement in relation to the Group's business to which the Company or any of its subsidiaries, its holding companies or a subsidiary of its holding companies was a party during FY2025.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS, TRANSACTION OR ARRANGEMENT OF SIGNIFICANCE

None of the controlling Shareholders or its subsidiaries (if applicable) has or had material interests, either directly or indirectly, in any contract, transaction or arrangement of significance, whether for the provision of services or otherwise, to the business of the Group to which the Company or any of its subsidiaries was a party during FY2025.

BIOGRAPHICAL INFORMATION OF DIRECTORS

The biographical information of Directors and Senior Management of the Company are set out in the section headed "Directors and Senior Management" of this annual report.

NON-COMPETITION UNDERTAKING

In order to avoid any possible future competition between our Group and our Controlling Shareholders and their respective close associates, Mr. Yang Baoqing, a non-executive director of the Company, has executed the Deed of Non-competition in favor of our Group. Pursuant to the Deed of Non-competition, Mr. Yang undertakes that he shall not, and shall use his best endeavors to procure that his close associates (excluding our Group) shall not, solely or jointly or through representation of any person, enterprise or company, carry on, engage in or make any investment, whether for profit, reward or otherwise in our principal business, namely, fishing-related equipment business and other business we may engage in from time to time. For details of the Deed of Non-Completion, please refer to the section headed "Relationship with our Controlling Shareholders — Non-Competition Undertaking" in the Prospectus.

Mr. Yang Baoqing has confirmed to the Company and the independent non-executive Directors, who acknowledged that Mr. Yang had not breached the terms of the Non-Competition Undertaking during FY2025.

DIRECTORS' EMOLUMENTS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Particulars of the Directors' emoluments and five highest paid individuals for FY2025 are set out in notes 8 and 9 to the financial statements and the emolument policy of the Company is set out in the Corporate Governance Report of this annual report.

No Director has waived or has agreed to waive any emoluments during FY2025.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Report Period, none of the Directors were considered to have interests in the businesses, which compete or are likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

DIRECTORS' INTERESTS IN SECURITIES

As at the date of this report, the interests and short positions of the Directors and chief executive 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")) as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or as recorded in the register maintained by the Company under section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows (taking into account the Share Consolidation):

Long Position in the Shares and Underlying Shares of the Company

Name	Position held within our Company	Nature of interest	Number of Shares held	Percentage
Mr. Yang Baoqing	Chairman of the Board and non-executive Director	Interest in controlled corporation	94,770,000	73.92%

Notes:

- (1) The percentage shareholding is calculated on the basis of 128,205,000 Shares issued as at 10 February 2026.
- (2) GreatCast, a company incorporated under the laws of the BVI with limited liabilities, was owned as to 100% by Mr. Yang. Accordingly, Mr. Yang is deemed to be interested in the Shares held by GreatCast for the purpose of the SFO.
- (3) As of the Latest Practicable Date, Outrider Partnership, a limited partnership with legal personality established under the laws of the BVI, was owned as to (i) 1.0% by its general partner, Taihong, which was in turn owned as to 100% by Mr. Yang; and (ii) 99.0% by 24 limited partners. Among these 24 limited partners, Mr. Zhang Wentao, a vice president of Zhejiang Topsun Industrial, held 10.14% of the limited partnership interest, Mr. Wu Guihua, our executive Director, held 6.71% of the limited partnership interest, and Ms. Wen Meixia, our non-executive Director, held 5.22% of the limited partnership interest. All of the remaining 21 limited partners, who are all Independent Third Parties, are employees and former employees of Topsun Group, and none of them held 10% or more of the limited partnership interest therein as of the Latest Practicable Date. Accordingly, Taihong and Mr. Yang are deemed to be interested in the Shares held by Outrider Partnership for the purpose of the SFO.
- (4) Ms. Yuan is the spouse of Mr. Yang and is deemed under the SFO to be interested as to all the Shares in which Mr. Yang is interested.

Save as disclosed above, as at December 31, 2025, to the best knowledge of the Board, none of the Directors or chief executive of the Company had any interests or short positions in the 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: (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Report

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the date of this report, according to the register of members maintained by the Company pursuant to section 336 of the SFO and so far as is known to, or can be ascertained by the Directors after reasonable enquiry, the following persons/entities, other than a Director or chief executive of the Company, had interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the SFO, which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Long positions in the Shares and underlying Shares of the Company

Name	Nature of interest	Number of Shares/underlying Shares interested ⁽¹⁾	Approximate percentage of the total issued share capital of the Company ⁽²⁾
GreatCast ⁽³⁾	Beneficial owner	88,062,400	68.69%
Outrider Partnership ⁽⁴⁾	Beneficial owner	6,707,600	5.23%
Taihong ⁽⁴⁾	Interest in controlled corporation	6,707,600	5.23%
Mr. Yang ⁽³⁾⁽⁴⁾⁽⁵⁾	Interest in controlled corporation	94,770,000	73.92%

Notes:

- (1) All interests stated are long positions.
- (2) The percentage shareholding is calculated on the basis of 128,205,000 Shares in issue as at February 10, 2026.
- (3) Mr. Yang was interested in 100% of the equity interest in GreatCast, a company incorporated under the laws of the BVI with limited liability. Accordingly, Mr. Yang is deemed to be interested in the Shares held by GreatCast for the purpose of the SFO.
- (4) Outrider Partnership, a limited partnership with legal personality established under the laws of the BVI, was owned as to (i) 1.0% by its general partner, Taihong, which was in turn wholly owned by Mr. Yang; and (ii) 99.0% by 24 limited partners. Among these 24 limited partners, Mr. Zhang Wentao, an executive vice president of Zhejiang Topsun Industrial, held 10.14% of the limited partnership interest, our executive Director Mr. Wu Guihua held 6.71% of the limited partnership interest, and our non-executive Director Ms. Wen Meixia held 5.22% of the limited partnership interest. As of the Latest Practicable Date, all of the remaining 21 limited partners, who are all Independent Third Parties, were employees and former employees of Topsun Group, and none of them held 10% or more of the limited partnership interest therein. Accordingly, Taihong and Mr. Yang are deemed to be interested in the Shares held by Outrider Partnership for the purpose of the SFO.
- (5) Ms. Yuan is the spouse of Mr. Yang and is deemed to be interested in all the Shares in which Mr. Yang is interested for the purpose of the SFO.

Save as disclosed above, as at the date of this report, to the best knowledge of the Directors, no other person, other than the Directors or chief executive of the Company, had or was deemed or taken to have interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or entered in the register kept by the Company pursuant to section 336 of the SFO.

RIGHTS OF DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' Interests in Securities" in this report, at no time during the financial year under review was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors or chief executive of the Company, including their spouses or children under 18 years of age, to acquire benefits by means of acquiring shares in, or debentures of, the Company or any other body corporate.

CONNECTED TRANSACTIONS

We have in the past conducted certain transactions with entities that become our connected persons (as defined under Chapter 14A of the Listing Rules) upon Listing. Such transactions continue after Listing and therefore constitute our continuing connected transactions under the Listing Rules.

During FY2025, the shares of the Company were not listed on the Hong Kong Stock Exchange, and the annual review and reporting requirements on connected transaction rules under the Listing Rules had not yet become applicable to the Company.

Below sets out a summary of the non-exempted continuing connected transactions entered into by the Group. Unless otherwise specified, the capitalised terms used herein shall have the meaning as those defined under the Prospectus:

Continuing connected transactions

1. *Lease Framework Agreement I*

The Company entered into a framework agreement with Zhejiang Topsun on 28 January 2026, pursuant to which we will lease properties to Topsun Group for a term less than 12 months each. The initial term of the Leasing Framework Agreement I shall commence on the Listing Date until December 31, 2027. Relevant subsidiaries of both parties will enter into separate underlying agreements for a term of less than 12 months which will set out the specific terms and conditions according to the principles provided in the Leasing Framework Agreement I.

The total rental income from Topsun Group under the Leasing Framework Agreement I for the two years ending December 31, 2026 and 2027 shall not exceed RMB1.0 million and RMB1.0 million, respectively.

2. *Products and Services Procurement Framework Agreement*

The Company entered into a framework agreement with Mr. Yang Baoqing (on behalf of Topsun Group and his other associates) on January 28, 2026, pursuant to which, the Group will procure (I) various supporting and/or ancillary services, including but not limited to (i) warehousing services such as loading and unloading, packing and storage of goods; (ii) processing services such as electrophoresis in accordance with our instruction; (iii) IT services such as software operation and maintenance services; (iv) testing services such as quality testing on fabrics etc.; and (v) other supporting and/or ancillary services such as property management services, and (II) products, such as folding table, folding cabinet, heat-pressing fishing bags, and materials such as plastic parts, screws and nuts from the Products and Services Providers.

The transaction amounts in respect of our procurement of the above various supporting and/or ancillary services under the Products and Services Procurement Framework Agreement for the two years ending December 31, 2026 and 2027 shall not exceed RMB29.0 million and RMB33.0 million respectively. The transaction amounts in respect of our procurement of the above products under the Products and Services Procurement Framework Agreement for the two years ending December 31, 2026 and 2027 shall not exceed RMB32.0 million and RMB36.3 million, respectively.

Directors' Report

3. *Leasing Framework Agreement II*

The Company entered into a framework agreement with Mr. Yang Baoqing (on behalf of Topsun Group and his other associates) on January 28, 2026, pursuant to which we will lease properties from Lessors for a term less than 12 months each. The initial term of the Leasing Framework Agreement II shall commence on the Listing Date until December 31, 2027. Relevant subsidiaries of both parties will enter into separate underlying agreements for a term of less than 12 months which will set out the specific terms and conditions according to the principles provided in the Leasing Framework Agreement II.

The total property rents under the Leasing Framework Agreement II for the two years ending December 31, 2026 and 2027 shall not exceed RMB5.9 million and RMB5.9 million, respectively.

4. *Products Provision Framework Agreement*

The Company entered into a framework agreement with Zhejiang Topsun Holding on January 28, 2026, pursuant to which, we will provide our products to Topsun Group for its sale to its customers. The initial term of the Products Provision Framework Agreement shall commence on the Listing Date until December 31, 2027. Relevant subsidiaries of both parties will enter into separate underlying agreements and/or orders which will set out the specific terms and conditions according to the principals provided in the Products Provision Framework Agreement.

The transaction amounts in respect of the sale of the above products by us under the Products Provision Framework Agreement for the two years ending December 31, 2026 and 2027 shall not exceed RMB80.0 million and RMB90.0 million, respectively.

CONNECTED RELATIONSHIPS

Zhejiang Topsun Holding is owned as to 99% by Mr. Yang, Chairman of the Board, one of our non-executive Directors and Controlling Shareholders, and hence a connected person of the Company. Accordingly, the transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Mr. Yang Baoqing is the Chairman of the Board, one of our non-executive Directors and Controlling Shareholders, and hence a connected person of the Company. Accordingly, the transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the above continuing connected transactions are set out in the Prospectus.

RELATED PARTY TRANSACTIONS

Related party transactions during FY2025 were disclosed in note 27 to financial statements. As the Company's shares were listed on February 10, 2026, none of those related party transactions constituted connected transaction or continuing connected transaction under the Listing Rules for FY2025.

RETIREMENT BENEFIT SCHEMES

The details of the retirement benefits schemes for the year ended December 31, 2025 are set out in note 6 to the financial statements. No forfeited contributions were used to offset the Group's contributions to the schemes as outlined in note 6. The Group has no further obligation to pay other retirement benefits beyond the contributions specified in note 6.

PURCHASE, SALE, OR REDEMPTION OF LISTED SECURITIES

During FY2025, the Company's shares were not listed on the Stock Exchange. From the Listing Date up to the date of this annual report, neither the Company nor any of its subsidiaries has purchased, sold, or redeemed any of the Company's securities listed on the Stock Exchange (including the sale of treasury shares). As of the date of this annual report, the Company does not hold any treasury shares.

LISTING AND USE OF PROCEEDS

The Company's shares were listed (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on February 10, 2026 ("**Listing Date**"), with 28,205,000 shares issued. After deducting underwriting fees and related expenses, the total net proceeds from the Listing ("**Net Proceeds**") amounted to approximately HK\$285.2 million. As of the date of this annual report, there have been no changes to the proposed use of the Net Proceeds previously disclosed in the section headed "Future Plans and Use of Proceeds" in the Company's prospectus dated January 31, 2026 ("**Prospectus**").

Intended use as set out in the Prospectus	Planned proportion of the net proceeds	Planned use of the net proceeds (approximately HK\$ million)	Net proceeds unutilized for intended use as of the Latest Practicable Date (approximately HK\$ million)	Expected timeline for fully utilizing the net proceeds from the Global Offering ⁽¹⁾
Brand development and promotion	45.00%	128.34	128.34	By December 31, 2031
Product design and development and the establishment of a global fishing gear innovation center	25.00%	71.30	71.30	By December 31, 2031
Upgrading our production facilities and enhancing our digitalization capabilities	20.00%	57.04	57.04	By December 31, 2031
Working capital and general corporate uses	10.00%	28.52	28.52	By December 31, 2031
Total	100.00%	285.20	285.20	

Note:

- (1) The expected timeline for fully utilizing the remaining proceeds is based on the Group's best estimates and may be subject to change under the current and future market conditions.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to the existing Shareholders.

BANK LOANS AND OTHER BORROWINGS

Particulars of the Group's bank loans and other borrowings as at December 31, 2025 are set out in note 20 to the financial statements.

CORPORATE GOVERNANCE

Save as disclosed in the Corporate Governance Report of this annual report, the Board is of the view that the Company complied with the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules ("**Corporate Governance Code**") during the year. The principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report of this annual report.

絕代宗師

Directors' Report

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Board, the Company has maintained the prescribed public float under the Listing Rules as at the date of this annual report, being at least 25% of its issued shares held by the public.

RECOMMENDATION TO SEEK PROFESSIONAL TAX ADVICE

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

If any Shareholder of the Company is unsure about the tax implications of purchasing, holding, selling, dealing in or exercising any rights in relation to the shares of the Company, he/she should consult an expert.

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Except as disclosed in this annual report and as described in the section headed "Listing and Use of Proceeds" above, no subsequent events have occurred between the end of the Reporting Period and the date of this annual report that would have a material impact on the Group.

PRINCIPAL RISKS

A discussion of principal risks of the Company's business is set out on page 10 of this annual report.

FUTURE DEVELOPMENT

A discussion of the possible future development (outlook for 2026) of the Company's business is set out on page 10 of this annual report.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or subsisted during the year ended December 31, 2025.

AUDITOR

The consolidated financial statements for the year ended 31 December 2025 have been audited by KPMG, which will retire and be eligible for re-election at the forthcoming annual general meeting. A resolution proposing the re-appointment of KPMG as the Company's auditor for the year ended 31 December 2026 will be submitted to the annual general meeting.

Save as disclosed above, there has been no change in auditor of the Company in any of the past three years.

On behalf of the Board
Executive Director and General Manager
Ms. LEI YANG

Hangzhou, 26 March 2026

CORPORATE GOVERNANCE CULTURE

The Company acts as an investment holding company and the principal activities of the Company and its subsidiaries (together the “**Group**”) are principally engaged in the manufacturing and sales of fishing-related equipment in over 40 countries and regions across Europe, North America, Australia, South Africa and East Asia. As a group with diversified businesses, by recognizing the importance of stakeholders at the Board level and throughout the Group, we strive to provide high quality and reliable products and services, and to create values to the stakeholders through sustainable growth and continuous development.

The Board has set out the following values to provide guidance on employees’ conduct and behaviors as well as the business activities, and to ensure they are embedded throughout the Company’s vision, mission, policies and business strategies:

- (a) Integrity — we strive to do what is right;
- (b) Excellence — we aim to deliver excellence;
- (c) Collaboration — we are always better together;
- (d) Accountability — we are accountable for delivering on our commitments;
- (e) Empathy — we care about our stakeholders — employees, customers, supply chain and the community; and
- (f) Sustainability — we are committed to a sustainable future

The Group will continuously review and adjust, if necessary, its business strategies and keep track of the changing market conditions to ensure prompt and proactive measures will be taken to respond to the changes and meet the market needs to foster the sustainability of the Group.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to achieving high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as the basis of the Company’s corporate governance practices.

As the Company’s shares were not listed on the Stock Exchange as of December 31, 2025, the CG Code was not applicable to the Company during the year ended December 31, 2025.

In the opinion of the Board, the Company has complied with all the applicable code provisions as set out in the CG Code during the period from the Listing Date to the date of this annual report. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

Corporate Governance Report

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors and the relevant employees who would likely possess inside information of the Company.

As the Company’s shares were not listed on the Stock Exchange as of December 31, 2025, the relevant rules of the Model Code, to which the Directors were subject, were not applicable to the Company during the year ended December 31, 2025.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the period from the Listing Date to the date of this annual report.

BOARD OF DIRECTORS

The Company is headed by an effective Board which assumes responsibility for its leadership and control and be collectively responsible for promoting the Company’s success by directing and supervising the Company’s affairs. Directors take decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company’s business and regularly reviews the contribution required from a Director to perform his responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

Board Composition

The Board currently comprises the following Directors:

Executive Directors

Ms. LEI YANG
Mr. Wu Guihua

Non-executive Director

Mr. Yang Baoqing

Independent Non-executive Directors

Mr. Ding Feng
Mr. Han Hongling
Mr. Shu Yuanchao

Each of our Directors has confirmed that he/she obtained the legal advice referred to under Rule 3.09D of the Listing Rules as regards the requirements under the Listing Rules that are applicable to him/her as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange in 11 November 2024, and he/she has confirmed he/she understood his/her obligations as a director of a listed issuer.

The biographical information of the Directors is set out in the section headed “Directors and Senior Management” of this annual report. The relationships between the Directors are disclosed in the respective Director’s biography under the section “Directors and Senior Management” of this annual report. Save as disclosed above, there is no relationships (including financial, business, family or other material/relevant relationship(s)) between the Board members and in particular, between the chairman and the chief executive.

Board Meetings

According to the CG Code, the Board should meet regularly and the Board meetings should be held at least four times a year at approximately quarterly intervals. Notice of at least 14 days should be given of a regular Board meeting to give all Directors an opportunity to attend. For all other Board meetings, reasonable notice should be given.

Directors’ Attendance Records

As the Company’s shares were listed on the Stock Exchange on February 10, 2026, the code provisions in relation to the number of Board meetings and Board committee meetings held during the Reporting Period set out in the CG Code were not applicable to the Company during the year ended December 31, 2025. The attendance record of each Director at the Board meetings and the Board committee meetings of the Company held throughout the period from the Listing Date to the date of this annual report is set out in the table below:

Name of Director	Attendance/Number of Meetings					Annual General Meeting ⁽²⁾	Other General Meetings ⁽²⁾
	Board ⁽¹⁾	Audit Committee	Remuneration Committee	Nomination Committee			
Executive Directors							
Ms. LEI YANG	1/1	—	—	1/1	—	—	
Mr. Wu Guihua	1/1	—	—	—	—	—	
Non-executive Directors							
Mr. Yang Baoqing	1/1	1/1	1/1	—	—	—	
Ms. Wen Meixia ⁽³⁾	0/1 ⁽⁴⁾	—	—	—	—	—	
Independent Non-executive Directors							
Mr. Ding Feng	1/1	1/1	—	1/1	—	—	
Mr. Han Hongling	1/1	1/1	1/1	—	—	—	
Mr. Shu Yuanchao	1/1	—	1/1	1/1	—	—	

Notes:

- (1) Apart from regular Board meetings, the Chairman also held one meeting with the independent non-executive Directors without the presence of other Directors during the period from the Listing Date to the date of this annual report.
- (2) No general meeting was held during the period from the Listing Date to the date of this annual report.
- (3) Ms. Wen Meixia resigned as non-executive director due to her other work commitments on April 8, 2026.
- (4) Ms. Wen Meixia attended Board meeting by proxy and accordingly shall not be counted as present.

Corporate Governance Report

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance on the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities.

Chairman and General Manager

The positions of Chairman and general manager are held by Mr. Yang Baoqing and Ms. LEI YANG respectively. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The general manager focuses on the Company's business development and daily management and operations generally.

Independent Non-executive Directors

During the period from the Listing Date to the date of this annual report, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Board Independence Evaluation

The Company has established a Board independence evaluation mechanism which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximize strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board independence evaluation mechanism, the Board will conduct annual review on its independence. The Board independence evaluation report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the year ended December 31, 2025, all Directors have completed the independence evaluation in the form of a questionnaire individually and supplemented by individual interviews. The Board independence evaluation report was presented to the Board, and the evaluation results were satisfactory.

During the year ended December 31, 2025, the Board reviewed the implementation and effectiveness of the Board independence evaluation mechanism and the results were satisfactory.

Appointment and Re-election of Directors

Each of the executive Directors has entered into a service contract with the Company pursuant to which they agreed to act as an executive Director and each of the non-executive Directors and independent non-executive Directors has entered into an appointment letter with the Company pursuant to which they agreed to act as a non-executive Director or independent non-executive Director, with effect from the date of his/her appointment as a Director until the third annual general meeting of our Company after the Listing Date (subject always to re-election as and when required under the Articles of Association). Either party has the right to give not less than three months' written notice to terminate the agreement.

All the Directors are subject to retirement by rotation and re-election at the annual general meetings. Under the Articles of Association of the Company, at every annual general meeting, one-third of the Directors for the time being, or if their number is not three of a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The Company's Articles of Association also provides that all Directors appointed to fill a casual vacancy or as addition to the Board shall hold office only until the first annual general meeting of the Company after his/her appointment and shall then be eligible for re-election at that meeting. The retiring Directors shall be eligible for re-election.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

Corporate Governance Report

Prior to the listing, the Company arranged training courses conducted by qualified professionals for all Directors. The training covered a wide range of relevant topics, including directors' duties and responsibilities, corporate governance, and regulatory updates. Relevant reading materials (including updates on laws and regulatory policies) were provided to the Directors for their reference and study.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee, and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

Audit Committee

The Audit Committee consists of three Directors, namely Mr. Yang Baoqing, Mr. Han Hongling and Mr. Ding Feng. Mr. Han Hongling serves as the chairperson of the Audit Committee. Mr. Han Hongling holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The primary duties of the Audit Committee include, but are not limited to, the following:

- reviewing and evaluating the work of external auditors;
- monitoring and making recommendations concerning the internal audit work of our Company;
- reviewing and making recommendations concerning the financial reports of our Company;
- evaluating the effectiveness of internal control work;
- ensuring coordination between the management, internal audit department and relevant departments and external auditors; and
- performing other duties and responsibilities as assigned by our Board.

As the Company's shares were listed on the Stock Exchange on February 10, 2026, no meetings of the Audit Committee were held during the year ended December 31, 2025. During the period from the Listing Date and up to the date of this annual report, the Audit Committee held one meeting to review the audited consolidated financial statements and annual results announcement of the Group for the year ended December 31, 2025 and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, re-appointment of external auditor and relevant scope of works and, connected transactions and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also met the external auditors once without the presence of the executive Directors throughout the period from the Listing Date and up to the date of this annual report.

Remuneration Committee

The Remuneration Committee consists of three Directors, namely Mr. Yang Baoqing, Mr. Han Hongling and Mr. Ding Feng. Mr. Ding Feng serves as the chairperson of the Remuneration Committee.

Corporate Governance Report

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary duties of the Remuneration Committee include, but are not limited to, the following:

- reviewing and approving remuneration proposals of members of our senior management in accordance with our Company's policies and objectives as approved by our Board from time to time;
- making recommendations to our Board concerning our Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy, including, but not limited to, performance evaluation standards, procedures and evaluation systems;
- conducting the evaluation of the annual performance of all Directors and senior management;
- monitoring remuneration payable to all Directors and senior management;
- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and
- performing other duties and responsibilities as assigned by our Board.

As the Company's shares were listed on the Stock Exchange on February 10, 2026, no meetings of the Remuneration Committee were held during the year ended December 31, 2025. The Remuneration Committee met once during the period from the Listing Date and up to the date of this annual report to review and make recommendation to the Board on the remuneration policy and the remuneration packages of the executive Directors and senior management.

The remuneration of the senior management (excluding executive Directors), whose biographical details are included in section headed "Directors and Senior Management" of this annual report, during the year ended December 31, 2025 falls within the following bands:

Remuneration (HK\$)	Number of Individuals
Nil to 1,000,000	2
1,000,001 to 1,500,000	0

Details of the remuneration of the Directors are set out in Note 8 to the consolidated financial statements in this annual report.

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of executive Directors are also determined with reference to the Company's performance and profitability, the prevailing market conditions and the performance or contribution of each executive Director. The remuneration for the executive Directors, who are also the Company's employees, comprises salaries, allowances and benefits in kind, discretionary bonus, equity-settled share-based payments and retirement scheme contributions. The remuneration policy for independent non-executive Directors is to ensure that independent non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs with reference to their respective agreements, positions and duties, including being a member or the chairperson of Board committees. The non-executive Directors are not entitled to any director remuneration from the Company.

Corporate Governance Report

Nomination Committee

The Nomination Committee consists of three Directors, namely Mr. Ding Feng, Ms. LEI YANG and Mr. Shu Yuanchao. Mr. Ding Feng serves as the chairperson of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The primary duties of the Nomination Committee include, but are not limited to, the following:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, assisting the Board in maintaining a Board skills matrix, and making recommendations on any proposed changes to the board to complement the Company's corporate strategy;
- identifying individuals suitably qualified to become a member of our Board and senior management, and making recommendations to our Board on the selection of individuals nominated for directorships and senior management;
- assessing the independence of independent non-executive Directors;
- making recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors;
- supporting the Company's regular evaluation of the Board's performance; and
- performing other duties and responsibilities as assigned by our Board.

In assessing the Board composition, the Nomination Committee is responsible for reviewing the structure and diversity of the Board and selecting individuals to be nominated as Directors. The Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness, and, when necessary, make any revisions that may be required and recommend any such revisions to our Board for consideration and approval.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Director Nomination Policy that are necessary to complement the corporate strategy, where appropriate, before making recommendation to the Board.

As the Company's shares were listed on the Stock Exchange on February 10, 2026, no meetings of the Nomination Committee were held during the year ended December 31, 2025. During the period from the Listing Date and up to the date of this annual report, the Nomination Committee met once to, amongst others, review the structure, size and composition of the Board and the independence of the independent non-executive Directors, and consider the qualifications of the retiring Directors standing for re-election at the Annual General Meeting. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board and is available on the website of the Company. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee reviews regularly the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of factors, including but not limited to gender, skills, age, professional experience, knowledge, cultural background, education background, ethnicity and length of service.

Corporate Governance Report

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Nomination Committee is responsible for reviewing the structure and diversity of the Board and selecting individuals to be nominated as Directors.

An analysis of the Board's current composition based on the measurable objectives is set out below:

Gender	Age Group
Male: 5 Directors	30–39: 2 Directors
Female: 1 Director	40–49: 2 Directors
	50–59: 1 Directors
	60–69: 1 Directors

Position	Business Experience
Executive Directors: 2 Directors	Accounting & Finance: 1 Directors
Non-executive Directors: 1 Director	Experience Related to the Company's Business 3 Directors
Independent Non-executive Directors: 3 Directors	

The Nomination Committee and the Board are of the view that the current composition of the Board has achieved the objectives set in the Board Diversity Policy. The Nomination Committee will continue to review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at the date of this annual report:

	Female	Male
Board	16.67% (1)	83.3% (5)
Senior Management (<i>excluding executive Directors</i>)	100% (2)	0% (0)
Other employees	46.93% (467)	53.07% (528)
Overall workforce	46.81% (469)	53.19% (533)

The Board had targeted to achieve and had achieved at least 16.67% (1) of female Directors, 100% (2) of female senior management and 46.81% (469) of female employees of the Group and considers that the above current gender diversity is satisfactory.

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and nomination process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

Corporate Governance Report

The nomination process set out in the Director Nomination Policy is as follows:

Appointment of New Director

- (i) The Nomination Committee may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents.
- (ii) The Nomination Committee should, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.
- (iii) If the process yields one or more desirable candidates, the Nomination Committee should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).
- (iv) The Nomination Committee should then recommend the Board to appoint the appropriate candidate for directorship, as applicable.
- (v) For any person that is nominated by a Shareholder for election as a Director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Board should make recommendation to Shareholders in respect of the proposed election of Director at the general meeting.

Re-election of Director at General Meeting

- (i) The Nomination Committee should review the overall contribution and service to the Company of the retiring Director and the level of participation and performance on the Board.
- (ii) The Nomination Committee should also review and determine whether the retiring Director continues to meet the criteria as set out above.
- (iii) The Board should then make recommendation to Shareholders in respect of the proposed re-election of Director at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as Director at the general meeting, the relevant information of the candidate will be disclosed in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

The Director Nomination Policy sets out the criteria for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;

Corporate Governance Report

- Requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

During the period from the Listing Date to the date of this annual report, there was no change in the composition of the Board.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

During the period from the Listing Date and up to the date of this annual report, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted a set of internal control and risk management procedures to address various potential operational, financial, legal and market risks identified in relation to the Company's operations.

Corporate Governance Report

To ensure the ongoing implementation of our risk management policies and corporate governance measures in compliance with applicable laws, regulations and policies, the Company has adopted the following measures:

Core Characteristic	Specific Requirements	Compliance Basis
Ultimate Responsibility of the Board	The Board determines risk appetite, oversees system design, implementation, and monitoring; reviews effectiveness at least annually and states responsibility in the Corporate Governance Report.	Principle D2, Code D.2.1
Comprehensive Risk Coverage	Covers all material risk areas, including financial, operational, compliance, strategic, ESG, and information technology.	Code D.2.1
Closed-loop Management Mechanism	Forms a continuous cycle of “Identify — Assess — Respond — Monitor — Review — Improve”, adapting to changes in internal and external environments.	Code D.2.4(a)
Independent Verification and Accountability	Establishes internal audit function, clarifies review responsibilities and frequency for internal and external parties (Internal Audit, Management, Committees and Auditors).	Code D.2.1(e)
Disclosure-oriented	Establishes rapid processes for identification, confidentiality, assessment, and disclosure of inside information and price-sensitive information to prevent a false market.	Code D.2.4(e), Chapter 13 of the Listing Rules

The Company has established a process for identifying, assessing, and managing material risks ((the core process)). This process shall be standardized and actionable to ensure that material risks are captured in a timely manner, accurately assessed, and effectively controlled. It is divided into three stages:

1) RISK IDENTIFICATION (COMPREHENSIVE COVERAGE AND MULTIPLE CHANNELS)

Identification Scope: Covers the entire business chain of the Company and its subsidiaries, including strategic planning, HK IPO/refinancing, cross-border M&A, equity incentive schemes, financial reporting, supply chain, data security, ESG, and regulatory compliance.

Identification Methods: Adopts a combination of top-down (Board/Committees) and bottom-up (business units) approaches, collecting risk signals through multiple channels such as risk checklists, industry benchmarking, scenario analysis, internal whistleblowing, and tracking regulatory developments.

Responsible Parties: Led by management, with each business unit as the primary responsible party; the Internal Audit Department provides independent oversight.

2) Risk Assessment (Quantified and Tiered)

Assessment Dimensions: Assesses from the two core dimensions of “likelihood” (probability of occurrence) and “impact” (finance, operation, reputation and compliance), incorporating the HKEX’s specific requirements for ESG risks.

Risk Tiering: Risks are classified into three tiers: “Material Risks”, “Significant Risks”, and “General Risks”. Material Risks are those that could lead to the Company failing to achieve its core business objectives, causing material losses, or triggering regulatory disclosure (e.g., M&A failure, financial fraud and inside information leakage).

Assessment Frequency: Ongoing daily assessment, ad-hoc assessment for major events (e.g., M&A or IPO), and a comprehensive annual assessment.

3) RISK MANAGEMENT (CUSTOMIZED AND FULL-CYCLE)

Response Strategies: Formulates differentiated strategies based on risk tier: “avoid/reduce” for material risks (e.g., abandoning high-risk M&A, adding control clauses), “transfer/share” for significant risks (e.g., purchasing insurance or signing hedging agreements), and “accept/monitor” for general risks.

Responsibility Assignment: A “risk owner” (typically a senior management) is designated for each material risk, with specific control measures, implementation timelines, and early warning indicators.

Monitoring and Review: Real-time monitoring through key risk indicators (KRIs), with periodic (quarterly/semi-annual) reviews of control effectiveness; response plans are adjusted promptly if risk tier changes or new risks emerge.

Contingency Mechanism: Develops contingency plans for extreme scenarios (e.g., regulatory investigation, major litigation or abnormal stock price volatility), specifying trigger conditions, decision-making processes, and communication mechanisms.

Compliance Risk Management

We prudently adhere to relevant law, industrial regulations and policies. Our Legal Audit Department serves as the leading entity in compliance risk management, responsible for formulating compliance risk management policies and providing guidance, supervision and coordination for various departments in conducting compliance risk management activities. We conduct periodic analysis and evaluation of the operational efficiency and risks of each department. In case any potential deficiencies or weaknesses are identified within the management processes, we instantly propose risk mitigation strategies, ensuring timely rectification.

Financial Risk Management

To ensure transparency and compliance in our financial activities, we employ external audits and an internal authorization and approval system. Our finance department regularly convenes meetings to discuss financial policies and issues, encouraging staff participation in training programs to enhance professional competencies. We have developed a robust budget management system and internal accounting rules. Through monthly management reports we assess the risks and performance of our business activities, supporting informed decision-making processes.

Corporate Governance Report

Information Safety and Data Privacy Risk Management

To ensure the security of sensitive data and the protection of our Company's information, we have implemented a specialized software system designed to monitor data compliance. The system facilitates differentiated management based on the roles and responsibilities of our employees. Employees with access to our Company's core confidential information are required to install encryption software on their working devices and their access to specific network resources is restricted to safeguard the data security of our systems. In the event of employee transfers or departures, we have established standard procedures to manage and protect the data and information related to their operational activities, reinforcing our information security barriers. Our approach ensures that sensitive information remains secure and that any potential risks associated with data handling are mitigated effectively.

Operational Risk Management

To ensure the efficient operation and seamless integration of our operational processes, we have established standardized procedures across the entire business sectors, including procurement, production, R&D and sales. We convene regular meetings both within departments and inter-departmentally to discuss existing issues within the business processes, facilitating timely information updates. We have implemented a prudent internal review mechanism to promptly assess the operational performance of each department and stage. Moreover, we place significant importance on the safety and health of our employees through organizing regular safety education sessions, conducting random safety inspections and maintaining fire safety equipment and other safety production facilities.

All divisions/departments conducted internal control assessments regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each division/department.

The management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended December 31, 2025.

The Internal Audit Department is responsible for performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The Internal Audit Department examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, conducted an annual review of the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended December 31, 2025, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experience and relevant resources.

The Company has in place the whistleblowing policy and system for employees of the Company and those who deal with the Company to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matters related to the Company.

Corporate Governance Report

The Company is committed to maintaining high standards of integrity in all business operations. As part of this commitment, the Company adheres to all relevant anti-bribery and anti-corruption laws, rules and regulations. The Company has established and rigorously enforce behavior guidelines to regulate the acceptance of gifts and entertainment by employees. Any violations or reports of violations are promptly investigated by our Legal Audit Department. The Company has implemented stringent internal control measures throughout all stages of our business operations to ensure strict compliance and lawful conduct. During the year ended December 31, 2025, the Company held 3 anti-corruption trainings and briefings to all employees. No instances of non-compliance with relevant laws and regulations related to corruption, bribery, fraud or money laundering that have a significant impact on the Company have been identified.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements with the support of the accounting and finance team.

The Directors have prepared the financial statements in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board. Appropriate accounting policies have also been used and applied consistently except the adoption of revised standards, amendments to standards and interpretation.

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 financial statements of the Company are prepared on a going concern basis, the Directors are of the view that they give a true and fair view of the financial position, performance and cash flow of the Group for the year ended December 31, 2025, and the disclosure of other financial information and report therein complies with relevant legal requirements.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report of this annual report.

AUDITORS' REMUNERATION

The remuneration paid and payable to the external auditors of the Company in respect of audit services and non-audit services for the year ended December 31, 2025 is set out below:

Service Category	Fees Paid/Payable RMB'000
Audit services relating to annual audit	1,700
Audit services relating to listing	2,800
Non-audit services	121
Total	4,621

絕代宗師

Corporate Governance Report

JOINT COMPANY SECRETARIES

Ms. Xue Yuanyuan (“**Ms. Xue**”) and Ms. Wong Wai Yee, Ella (“**Ms. Wong**”) have been appointed as the Company’s joint company secretaries. Ms. Wong is currently a director of Company Secretarial Services of Vistra Group, global professional services provider. Ms. Wong’s primary contact person in the Company is Ms. Xue.

The Company was not listed on the Stock Exchange for the year ended December 31, 2025. The joint company secretaries of the Company will receive no less than 15 hours of relevant professional training annually pursuant to the requirements of Rule 3.29 of the Listing Rules.

All Directors have access to the advice and services of the joint company secretaries on corporate governance and Board practices and matters.

SHAREHOLDERS’ RIGHTS

Convening an Extraordinary General Meeting

Pursuant to the Article 12.3 of the Articles of Association of the Company, the Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened and resolutions to a meeting agenda shall be added on the written requisition of any one or more members deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and the resolutions to be added to the meeting agenda, and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened and resolutions to a meeting agenda shall be added on the written requisition of any one member which is a recognized clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and the resolutions to be added to the meeting agenda, and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Putting Forward Proposals at General Meetings

Shareholders are advised to follow Article 12.3 of the Articles of Association to add a resolution through a valid requisition of an extraordinary general meeting. Details are set out in the preceding paragraph.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: 8th Floor, Building 1, Lok Fu Creative Center, No. 818, Pingshui East Street, Hangzhou, Zhejiang Province, PRC
Email: ir@ridgeoutdoor.com

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavors to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

To safeguard Shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

SHAREHOLDERS' COMMUNICATION POLICY

The Company has in place a shareholders' communication policy. The policy aims at promoting effective communication with Shareholders and other stakeholders, encouraging Shareholders to engage actively with the Company and enabling Shareholders to exercise their rights as Shareholders effectively. The Board reviewed the implementation and effectiveness of the shareholders' communication policy and the results were satisfactory.

The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

(a) Corporate Communication

"Corporate Communication" as defined under the Listing Rules refers to any document issued or to be issued by the Company for the information or action of holders of any of its securities, including but not limited to the following documents of the Company: (a) the Directors' report, annual accounts together with a copy of the auditors' report and, where applicable, its summary financial report; (b) the interim report and, where applicable, its summary interim report; (c) a notice of meeting; (d) a listing document; (e) a circular; and (f) a proxy form. The Corporate Communication of the Company will be published on the Stock Exchange's website (www.hkex.com.hk) in a timely manner as required by the Listing Rules. Corporate Communication will be provided to Shareholders and non-registered holders of the Company's securities in both English and Chinese versions or where permitted, in a single language, in a timely manner as required by the Listing Rules. Shareholders and non-registered holders of the Company's securities shall have the right to choose the language (either English or Chinese) or means of receipt of the Corporate Communication (in printed form or through electronic means). Shareholders are encouraged to provide, amongst other things, in particular, their email addresses to the Company in order to facilitate timely and effective communications.

(b) Announcements and Other Documents pursuant to the Listing Rules

The Company shall publish announcements (on inside information, corporate actions and transactions etc.) and other documents (e.g. Memorandum and Articles of Association) on the Stock Exchange's website in a timely manner in accordance with the Listing Rules.

(c) Corporate Website

Any information or documents of the Company posted on the Stock Exchange's website will also be published on the Company's website (www.ridgeoutdoor.com).

Corporate Governance Report

(d) Shareholders' Meetings

The annual general meeting and other general meetings of the Company are primary forum for communication between the Company and its Shareholders. The Company shall provide Shareholders with relevant information on the resolutions(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable Shareholders to make an informed decision on the proposed resolution(s). Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings. Where appropriate or required, the chairperson of the Board and other Board members, the chairpersons of Board committees or their delegates, and the external auditors should attend general meetings of the Company to answer Shareholders' questions (if any).

(e) Shareholders' Enquiries

Enquiries about Shareholdings

Shareholders should direct their enquiries about their shareholdings to the Company's Hong Kong share registrar, Tricor Investor Services Limited.

Enquiries about Corporate Governance or Other Matters to be put to the Board and the Company

The Company will not normally deal with verbal or anonymous enquiries. Shareholders may send any enquiries to the Board by email: ir@ridgeoutdoor.com or by post to 8th Floor, Building 1, Lok Fu Creative Center, No. 818, Pingshui East Street, Hangzhou, Zhejiang Province, PRC for the attention of the Board.

Amendments to Constitutional Documents

The Company has not made any amendments to its Memorandum and Articles of Association since the Listing Date. The latest version of the Company's Memorandum and Articles of Association is available on the Company's website and the Stock Exchange's website.

DIVIDEND POLICY

The Company has no fixed dividend policy, and the declaration of and payment of any dividends in the future will be determined by the Board of Directors in its discretion. In addition, our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by the Board. Under the Cayman Companies Act and the Articles of Association, the Company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in the Company being unable to pay its debts as they fall due in the ordinary course of business.

A decision to declare or to pay any dividends in the future, and the amount of any such dividends, will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends and other factors that our Board may consider important. The Company does not have a predetermined dividend payout ratio. There can be no assurance that dividends of any amount will be declared or distributed in any year.

Directors and Senior Management

Our Board consists of six Directors, including one executive Directors, two non-executive Directors and three independent non-executive Directors. The following table sets forth certain information regarding our Directors:

Name	Age	Position(s)	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities	Relationship with other Directors and senior management
Executive Directors						
Ms. LEI YANG	31	Executive Director and general manager	November 2019	October 18, 2024	Overseeing the execution of the overall strategy, business development and management of our Group	Daughter of Mr. Yang Baoqing
Mr. Wu Guihua (吳桂華)	46	Executive Director and deputy general manager	May 2009	October 18, 2024	Overseeing the production, marketing and general management of our Group	None
Non-executive Directors						
Mr. Yang Baoqing (楊寶慶)	57	Chairman of the Board and non-executive Director	1993	July 17, 2024	Providing strategic advice on the overall development of our Group	Father of Ms. LEI YANG
Independent non-executive Directors						
Mr. Ding Feng (丁鋒)	62	Independent non-executive Director	January 31, 2026	November 12, 2024	Supervising and offering independent judgment to the Board	None
Mr. Han Hongling (韓洪靈)	49	Independent non-executive Director	January 31, 2026	November 12, 2024	Supervising and offering independent judgment to the Board	None
Mr. Shu Yuanchao (舒元超)	38	Independent non-executive Director	January 31, 2026	November 12, 2024	Supervising and offering independent judgment to the Board	None

Directors and Senior Management

EXECUTIVE DIRECTORS

Ms. LEI YANG, aged 31, is an executive Director and the general manager of our Company. She was appointed as an executive Director on October 18, 2024. She is primarily responsible for overseeing the execution of the overall strategy, business development and management of our Group.

Ms. Yang worked at Zhejiang Topsun Digital Technology Co., Ltd. (浙江泰普森數字科技有限公司) as a sales director from November 2019 to June 2022, primarily responsible for the cross-border e-commerce business including cross-border sales of our Group's fishing-related equipment. She joined Zhejiang Ridge Outdoor, one of our Group's major subsidiaries, in July 2022 as the executive director and the deputy general manager and was further appointed as the general manager in July 2024.

Ms. Yang obtained her bachelor's degree in accountancy from the University of Notre Dame in the United States, and her master of science degree in finance from Queen Mary University of London in the United Kingdom in October 2019. Ms. Yang was recognized as "Class A Talent in Zhejiang Province among Foreigners Working in China" (浙江省外國人來華工作A類人才) by Hangzhou Foreign Experts Bureau (杭州市外國專家局) in July 2021.

Mr. Wu Guihua (吳桂華), aged 46, is an executive Director and the deputy general manager of our Company. He was appointed as an executive Director on October 18, 2024. He is primarily responsible for overseeing the production, marketing, and the general management of our Group.

Mr. Wu joined Topsun Group in May 2009 as the general manager of fishing-related equipment business. In June 2022, he joined Zhejiang Ridge Outdoor as the general manager. For the purpose of the Reorganization, he was appointed as the deputy general manager of our Company on July 1, 2024 to continue to oversee the production, marketing, and general management of our Group.

Mr. Wu obtained his bachelor's degree in business administration from the University of South China (南華大學) in the PRC in July 2003 and his master's degree in business administration from Zhejiang University (浙江大學) in the PRC in September 2025.

NON-EXECUTIVE DIRECTORS

Mr. Yang Baoqing (楊寶慶), aged 57, is the chairman of the Board and a non-executive Director. He was appointed as a Director in July 2024 and re-designated as a non-executive Director on October 18, 2024. He is primarily responsible for providing strategic advice on the overall development of our Group.

Mr. Yang founded Hangzhou Kangda Leather and Plastic Factory (杭州康達皮塑製品廠) in January 1993 and was the head of factory until December 1995. He then established Hangzhou Hengfeng Leather Products Co., Ltd (杭州恒豐皮革製品有限公司) in December 1995 and had been the general manager since then until July 2002. He then founded Zhejiang Topsun Leisure Products Co., Ltd. (浙江泰普森休閒用品有限公司) in July 2002 and Zhejiang Topsun Holding in September 2007 and has been the president of the former and the director of the latter since their respective establishments. For the purpose of the Reorganization, he was appointed as the chairman of the Board and re-designated a non-executive Director on October 18, 2024 to continue to provide strategic advice on the overall development of our Group.

Directors and Senior Management

Mr. Yang graduated from the CEO advanced training course (總裁高級研修班) of Fudan University (復旦大學) in the PRC in December 2003 and his bachelor's degree in business administration through long distance learning program from the China Agricultural University (中國農業大學) in the PRC in January 2021. Mr. Yang was appointed as the vice chairman of China Chamber of Commerce for Import and Export of Light Industrial Products and Arts-Crafts (中國輕工工藝品進出口商會) in March 2011. He was appointed as the executive vice president of the 5th China Federation of Overseas Chinese Entrepreneurs (中國僑商聯合會第五屆理事會常務副會長) in November 2019. He was also appointed as a Standing Committee Member of the 13th Zhejiang Provincial Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議第十三屆浙江省委員會) in January 2023.

Mr. Yang was the legal representative of Hangzhou Kangda Leather and Plastic Factory, a collectively-owned enterprise established under the laws of the PRC on January 30, 1993, which had its business license revoked on October 8, 2003 due to failure to complete annual inspection. Mr. Yang confirmed that there was no wrongful act on his part leading to the revocation of business license of the said factory nor claim that has been initiated against him in connection with such revocation.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ding Feng (丁鋒), aged 62, was appointed as an independent non-executive Director on November 12, 2024, with effect from January 31, 2026. He is primarily responsible for supervising and offering independent judgment to the Board.

From July 2001 to June 2023, Mr. Ding held various positions including the vice president and senior expert at Bank of Hangzhou Co., Ltd. (杭州銀行股份有限公司), a joint-stock commercial bank incorporated in the PRC and a company listed on the Shanghai Stock Exchange with the stock code of 600926 and formerly known as Hangzhou City Commercial Bank (杭州市商業銀行). Mr. Ding has been serving as an independent director of Hithink Flush Information Network Co., Ltd. (浙江核新同花順網絡信息股份有限公司), a company listed on the Shenzhen Stock Exchange with the stock code of 300033 since May 2024 and of Bank of Huzhou (湖州銀行) since August 2024.

Mr. Ding obtained his master's degree in business administration from the Macau University of Science and Technology (澳門科技大學) in January 2006, his bachelor's degree in business administration through long distance learning program from the China University of Petroleum (中國石油大學) in the PRC in July 2006, and his master's degree in business administration from the Huazhong University of Science and Technology (華中科技大學) in December 2007. He obtained the qualification as an economist from the People's Bank of China (中國人民銀行) in August 1992. In April 2018, he was recognized as one of the Top 10 Investment Bankers (十大傑出投資銀行家) by China Securities Times and China Broker. He also attended the training for an independent director of a listed company organized by the Shenzhen Stock Exchange in December 2023.

Directors and Senior Management

Mr. Han Hongling (韓洪靈), aged 49, was appointed as an independent non-executive Director on November 12, 2024, with effect from January 31, 2026. He is primarily responsible for supervising and offering independent judgment to the Board.

Mr. Han has solid experience in accounting. He has been serving as a professor of accounting at the School of Management at the Zhejiang University (浙江大學) in the PRC. He also served consecutively as the deputy director of the department of finance and accounting (財務與會計學系副主任), the academic director of the EMBA Education Center (EMBA教育中心學術主任) and the deputy director of planned finance department (計劃財務處副處長) at the Zhejiang University. He was a senior visiting scholar at the State University of New York.

Mr. Han has ample experience acting as an independent director of listed companies. He served as an independent director and the chairperson of the audit committee at the following companies listed on the Shanghai Stock Exchange: (i) Jinko Power Technology Co., Ltd. (晶科電力科技股份有限公司) (stock code: 601778) from June 2017 to June 2023; (ii) Zhejiang Zheneng Electric Power Co., Ltd. (浙江浙能電力股份有限公司) (stock code: 600023) from January 2018 to January 2024; and (iii) Hangzhou MDK Opto Electronic Co., Ltd. (杭州美迪凱光電科技股份有限公司) (stock code : 688079) from July 2019 to June 2025. Furthermore, he has been an independent director at Caitong Securities Co., Ltd. (財通證券股份有限公司), a company listed on the Shanghai Stock Exchange with the stock code of 601108 since July 2021 and at Zheshang Development Group Co., Ltd. (浙商中拓集團股份有限公司), a company listed on the Shenzhen Stock Exchange with the stock code of 000906 since February 2024. He is also an external director at Jiangxi Communications Investment Group Co., Ltd. (江西省交通投資集團股份有限公司).

Mr. Han obtained his bachelor's degree in accounting from the Jiangxi Science and Technology Normal University (江西科技師範大學) in the PRC in 2000, his doctor's degree in accounting from the Xiamen University (廈門大學) in the PRC in July 2006. Mr. Han was and has been an expert consultant of the Enterprise Internal Control Standards Committee (企業內部控制標準委員會) under the Ministry of Finance and a member of the Enterprise Accounting Standards Advisory Committee (企業會計準則諮詢委員會) under the Ministry of Finance from April 2019 to December 2020 and since October 2023 respectively. He was admitted as a fellow of the Institute of Public Accountants and a fellow of the Institute of Financial Accountants in July 2024.

Mr. Shu Yuanchao (舒元超), aged 38, was appointed as an independent non-executive Director on November 12, 2024, with effect from January 31, 2026. He is primarily responsible for supervising and offering independent judgment to the Board.

Mr. Shu served as the principal researcher at Microsoft Corporation, a company listed on the NASDAQ Stock Market under the symbol MSFT from July 2015 to November 2022 and was primarily responsible for engaging in scientific and technological research in the fields of computer systems and networking. Since 2022, Mr. Shu has been a professor and doctoral supervisor of the College of Control Science and Engineering at the Zhejiang University (浙江大學) in the PRC.

Mr. Shu obtained his bachelor's degree in engineering with his major in automation from Nanjing University of Science and Technology (南京理工大學) in the PRC in June 2010. He subsequently obtained his doctor's degree in engineering, specializing in control science and engineering, from the Zhejiang University (浙江大學) in the PRC in June 2015.

Directors and Senior Management

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table provides information about members of our senior management:

Name	Age	Position(s)	Date of joining our Group	Date of appointment as a senior manager	Roles and responsibilities	Relationship with other Directors and senior management
Ms. LEI YANG	31	Executive Director and general manager	November 2019	October 18, 2024	Overseeing the execution of the overall strategy, business development and management of our Group	Daughter of Mr. Yang Baoqing
Mr. Wu Guihua (吳桂華)	46	Executive Director and deputy general manager	May 2009	October 18, 2024	Overseeing the production, marketing and general management of our Group	None
Ms. Xue Yuanyuan (薛媛元)	36	Secretary of the Board and joint company secretary	August 2024	August 2024	Overseeing the company secretarial matters of our Group	None
Ms. Gao Shan (高姍)	37	Financial controller	June 2011	November 2024	Overseeing the financial management of our Group	None

Ms. LEI YANG, aged 31, is an executive Director and the general manager of our Company. See “-Executive Directors” above for her biographical details.

Mr. Wu Guihua (吳桂華), aged 46, is an executive Director and the deputy general manager of our Company. See “-Executive Directors” above for his biographical details.

Ms. Xue Yuanyuan (薛媛元), aged 36, has been the secretary of the Board since August 2024 and was appointed as the joint company secretary of our Company on November 12, 2024. She is primarily responsible for overseeing the company secretarial matters of our Group.

Ms. Xue was a research analyst at AME Mineral Economics (Asia) Limited from July 2014 to June 2016 and a research analyst at Bright Smart Securities International (H.K.) Limited (耀才證券國際(香港)有限公司), a wholly owned subsidiary of Bright Smart Securities & Commodities Group Limited (耀才證券金融集團有限公司), a company listed on the Stock Exchange (stock code: 1428) from July 2016 to April 2017. From April 2017 to September 2020, she undertook various positions at the group companies of Haitong International Securities Group Limited (海通國際證券集團有限公司), a company formerly listed on the Stock Exchange with the stock code of 665, with her last position being a vice president. She was a deputy general manager of the investor relations department at China New Higher Education Group Limited (中國新高教集團有限公司), a company listed on the Stock Exchange (stock code: 2001), during September 2020 to May 2022. She subsequently joined SmartMore Corporation Limited (思謀集團有限公司) and was the head of investor relationship and secretary of the board of directors during May 2022 to December 2023.

Ms. Xue obtained her bachelor’s degree in finance from the Renmin University of China (中國人民大學) in the PRC in June 2013 and her master of science degree in economics from the Chinese University of Hong Kong (香港中文大學) in Hong Kong in November 2014. She was qualified as a chartered financial analyst from CFA Institute since June 2019 and obtained the Certificate in ESG Investing from CFA Institute in May 2024.

Directors and Senior Management

Ms. Gao Shan (高姍), aged 37, was appointed as the financial controller of the Company in November 2024. She is primarily responsible for overseeing the financial management of the Group.

Ms. Gao worked at Zhejiang Topsun Holding Group Co. Ltd. (浙江泰普森控股集團有限公司) from June 2011 to September 2022 as a finance manager being responsible for, among others, the financial management of our fishing-related equipment business. She joined Zhejiang Ridge Outdoor in October 2022 as our financial controller.

Ms. Gao obtained her bachelor's degree in financial management from Zhejiang College of Finance & Economics (浙江財經學院), now known as Zhejiang University of Finance & Economics (浙江財經大學), in the PRC in June 2011. She obtained the certification of tax advisor from the China Certified Tax Agents Association (中國註冊稅務師協會) in November 2020 and the certificate as a non-practicing member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in January 2023. She was awarded the title of senior accountant by the Review Committee of Senior Accountant Qualification of Zhejiang Province (浙江省高級會計師資格評審委員會) in December 2025.

JOINT COMPANY SECRETARIES

Ms. Xue Yuanyuan (薛媛元) is the secretary of the Board and was appointed as the joint company secretary of our Company on November 12, 2024. See “-Senior Management” above for her biographical details.

Ms. Wong Wai Yee, Ella (黃慧兒) was appointed as the joint company secretary of our Company on November 12, 2024. Ms. Wong is a director of Company Secretarial Services of Vistra Group, global professional services provider.

Ms. Wong has over 20 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Wong is currently acting as the company secretary or joint company secretary of a few listed companies on the Stock Exchange.

Ms. Wong is a Chartered Secretary, a Chartered Governance Professional and a Fellow of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) (“**HKCGI**”) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom. Ms. Wong is a holder of the Practitioner's Endorsement from HKCGI.

Environmental, Social and Governance Report

ABOUT THE REPORT

This Report is the 2025 Environmental, Social and Governance (“**ESG**”) Report published by Ridge Outdoor International Limited (hereinafter “**the Group**”, “**we**” or “**Ridge Outdoor**”) and discloses the Group’s ESG strategies, management practices and performance for the financial year ended 31 December 2025 (“**the Year**” or “**the Reporting Period**”). The Report is available in both Chinese and English versions; in the event of any discrepancy between the two versions, the Chinese version shall prevail.

Reporting Scope

The scope of the Report covers Ridge Outdoor International Limited and all its principal operating entities. Unless otherwise stated, the disclosures encompass the Group’s core business operations globally. The Reporting Period is 1 January 2025 to 31 December 2025. To ensure consistency of information, certain content is presented on a retrospective basis to previous years or with forward-looking statements.

Basis of Preparation

The Report has been prepared in accordance with Appendix C2 Environmental, Social and Governance Reporting Code of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited (HKEX), and with reference to IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 – Climate-related Disclosures published by the International Sustainability Standards Board (ISSB), the Global Reporting Initiative (GRI) Standards, and the Implementation Guidance for Climate Disclosures under HKEX ESG reporting framework.

Report Principles

To ensure the professionalism, transparency and reliability of disclosures in the Report, the Group has prepared the Report in accordance with the following core principles:

- Materiality:** The Group conducts rigorous materiality assessments to identify and focus on ESG matters that have significant impact on business operations and stakeholders, ensuring the Report concentrates on core issues.
- Quantitative:** The Group gives priority to presenting ESG performance using quantitative indicators. All data are subject to strict internal verification to ensure accuracy, traceability and measurability.
- Balance:** The Report seeks to present the Group’s sustainability performance objectively, disclosing both achievements and challenges to provide a balanced perspective.
- Consistency:** The Group applies consistent reporting methodologies, data-collection bases and disclosure formats to ensure comparability with prior disclosures and the effectiveness of long-term trend analysis.

Feedback

To promote continual improvement in the Group’s sustainability management and disclosure, the Group sincerely invites stakeholders to provide valuable comments or suggestions on the Report’s content, format and disclosed ESG practices. Your feedback will be a key driver for the Group’s future enhancements and an important bridge for mutually beneficial communication.

If you have any comments, please contact us at ir@ridgeoutdoor.com.

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BOARD STATEMENT

The Board, as the Group's highest decision-making and supervisory body, assumes overall leadership and ultimate oversight for matters relating to Environmental, Social and Governance ("**ESG**"), and ensures that ESG matters are appropriately integrated into the Group's corporate governance and risk management framework. The Board recognises that ESG performance has a material impact on the Group's long-term business development, risk resilience and reputation management, and therefore regards ESG as an integral part of the Group's overall development strategy and day-to-day operations.

The Board has formally incorporated ESG and climate-related management into the Group's corporate governance framework by defining the authority and responsibilities of the Board and its ESG Working Committee, thereby strengthening decision-making and oversight of material ESG matters. The Board reviews the Group's ESG governance structure, related policies and annual key work plans each year, with particular focus on significant environmental and social risks, climate-related risks and opportunities, and compliance and reputational risks. The Board requires management to report on ESG progress, principal risk responses and remediation measures to ensure alignment between ESG work and the Group's overall development strategy.

The Group's long-term sustainable development depends on prudent management of the natural environment, responsible treatment of employees and society, and proactive responses to market and regulatory requirements. The Group's ESG strategy will continue to focus on the management of ESG and climate-related risks and opportunities, product safety and quality assurance, supply chain management, employee development and occupational health and safety, corporate governance and business ethics. By continuously improving management mechanisms and execution capabilities, the Group seeks to embed ESG requirements more systematically into its business model and value chain to meet the expectations of global customers and other stakeholders for products and services.

The Board also values the guidance provided by relevant regulatory frameworks and international standards for the Group's ESG strategy. While complying with the Stock Exchange's disclosure requirements, the Group actively benchmarks against international frameworks and market best practice to continuously enhance its capabilities in risk identification, target setting, performance measurement and disclosure. Looking ahead, the Board will continue to monitor global sustainability trends and evolving stakeholder expectations, and will review and adjust the Group's ESG priorities and focus areas as appropriate to promote a more forward-looking, resilient and transparent ESG governance system. The Board expects that, while delivering sustainable returns to shareholders, the Group will further enhance its positive impact on environmental protection, industry development and social value creation, thereby fulfilling its role as a responsible corporate citizen.

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COMMENCEMENT – A COMMITMENT TO SUSTAINABILITY

ESG Governance Structure

The Group has established a three-tier ESG governance structure coordinated by the Board, executed by management and implemented collaboratively by business units, ensuring effective linkage between strategic decision-making, operational management and on-the-ground execution. The Board, as the Group's highest decision-making body for ESG matters, is responsible for approving ESG and climate-related strategies, overseeing responses to climate-related risks and opportunities, and periodically reviewing key ESG performance indicators and target attainment. It holds ultimate accountability for the Group's sustainable development and carbon-reduction objectives. Under the Board's leadership, the Group has established an ESG Working Committee chaired by the Chief Executive Officer, with members drawn from core functional heads including production, supply chain, research and development. The Committee is responsible for translating Board strategy into concrete actions, coordinating the implementation of ESG initiatives, conducting climate-risk identification and assessment, formulating emission-reduction pathways and annual action plans, and mobilising cross-departmental resources for execution.

At the operational level, business units assume specific implementation responsibilities according to their functional roles, forming an execution system that covers the entire business value chain. The Group has also implemented a bottom-up reporting mechanism and a top-down supervision mechanism. The ESG Working Committee reports to the Board semi-annually on ESG strategy progress, completion of key indicators and climate-risk identification outcomes, ensuring a closed-loop management process of "strategy formulation – execution – supervision and feedback – continuous improvement" for the Group's ESG management.

Board	As the Group's highest decision-making body, responsible for formulating ESG and climate-related strategies, managing the Group's climate-related risks and opportunities, supervising related progress and approving the ESG Report, and holding ultimate accountability for the achievement of the Group's net-zero targets.
ESG Working Committee	Chaired by the Chief Executive Officer, with members including heads of production, supply chain, research and development and other core functions; responsible for driving strategy implementation and preparing the Group's ESG Report; reports to the Board semi-annually on strategic progress, completion of key indicators and identification of major climate risks.
Departments and Relevant Personnel	Execute the Group's ESG initiatives, collect and monitor quantitative ESG data, and report to the designated officers of the ESG Working Committee.

Stakeholder Engagement

The Group has established a stakeholder engagement mechanism that takes stakeholders' expectations and concerns into account when formulating ESG strategies and optimising operational management. Through routine operations and targeted communication arrangements, the Group continuously collects, organises and analyses stakeholder feedback to identify material issues related to the Group's business and sustainable development, and uses such findings to enhance corporate governance and risk management, and to adjust management priorities and resource allocation.

The Group has implemented processes for stakeholder identification and categorisation to determine the principal groups related to the Group's business and value chain that have a material impact on the Group's development. The Group collects stakeholder views and expectations on its ESG performance through regular, multi-channel communications. This information is incorporated into the materiality assessment process and reflected in the Group's strategic planning and management measures, thereby improving the transparency and readability of disclosures and strengthening the basis for communication with stakeholders.

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Based on the nature of its business and operational characteristics, the principal stakeholders identified by the Group, their key expectations and concerns, and the primary communication channels are summarised as follows:

Stakeholders	Key expectations and concerns	Communication channels
Shareholders and investors	Financial performance and long-term returns; risk management; corporate governance and compliance; ESG performance and disclosure	General meetings; Board and committee briefings; results announcements; investor meetings and roadshows; one-to-one engagement; company website and announcements
Customers	Product quality and safety; delivery capability and reliability; product innovation and sustainability; service responsiveness and partnership stability	Routine business meetings; contract and project reviews; customer follow-ups and satisfaction surveys; product presentations and trade shows; customer hotlines and online platforms
Employees	Remuneration and benefits; occupational health and safety; career development and training opportunities; working environment and corporate culture; equal opportunities and diversity and inclusion	Employee forums; departmental meetings; performance review interviews; training and engagement activities; internal notices and communications; employee feedback mechanisms
Suppliers and other business partners	Partnership stability; payment arrangements; fair and transparent procurement processes; responsible sourcing requirements and collaboration standards	Procurement negotiations and contract management; supplier evaluation and audits; regular coordination meetings; on-site visits; performance assessments
Regulators and the stock exchange	Legal compliance; quality and timeliness of disclosures; implementation of relevant laws and guidance; industry standards and risk prevention	Routine filings and disclosures; regulatory responses; meetings and briefings; participation in policy consultations or industry exchanges
Industry associations and NGOs	Industry standards and norms; response to environmental and social issues; industry collaboration and knowledge sharing	Industry conferences and forums; thematic exchanges and collaborative projects; surveys and research; joint initiatives or events
Local communities and the public in operating locations	Environmental impact management; employment opportunities; community engagement and charitable activities; corporate reputation and transparency	Community consultations and outreach; charity and volunteer programmes; public events and open days; company website and media releases

The Group periodically reviews the above stakeholder categories and communication arrangements and makes appropriate adjustments in response to business developments and external changes to maintain the effectiveness and relevance of the stakeholder engagement mechanism.

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Materiality Assessment

Building on ongoing stakeholder engagement, the Group employs a materiality assessment mechanism to identify and define ESG issues that significantly affect business development and key stakeholders, and to determine the disclosure priorities of the Report. The Group adopts a “double materiality” approach, considering both the potential effects of relevant issues on the Group’s business performance and financial position and the actual or potential impacts of the Group on the environment and society, thus providing a comprehensive basis for prioritising ESG management and disclosures. Through a systematic materiality assessment process, the Group aims to allocate management resources more effectively, concentrate efforts on matters that materially affect long-term value, risk management and operational performance, and incorporate the results into strategic planning and governance arrangements.

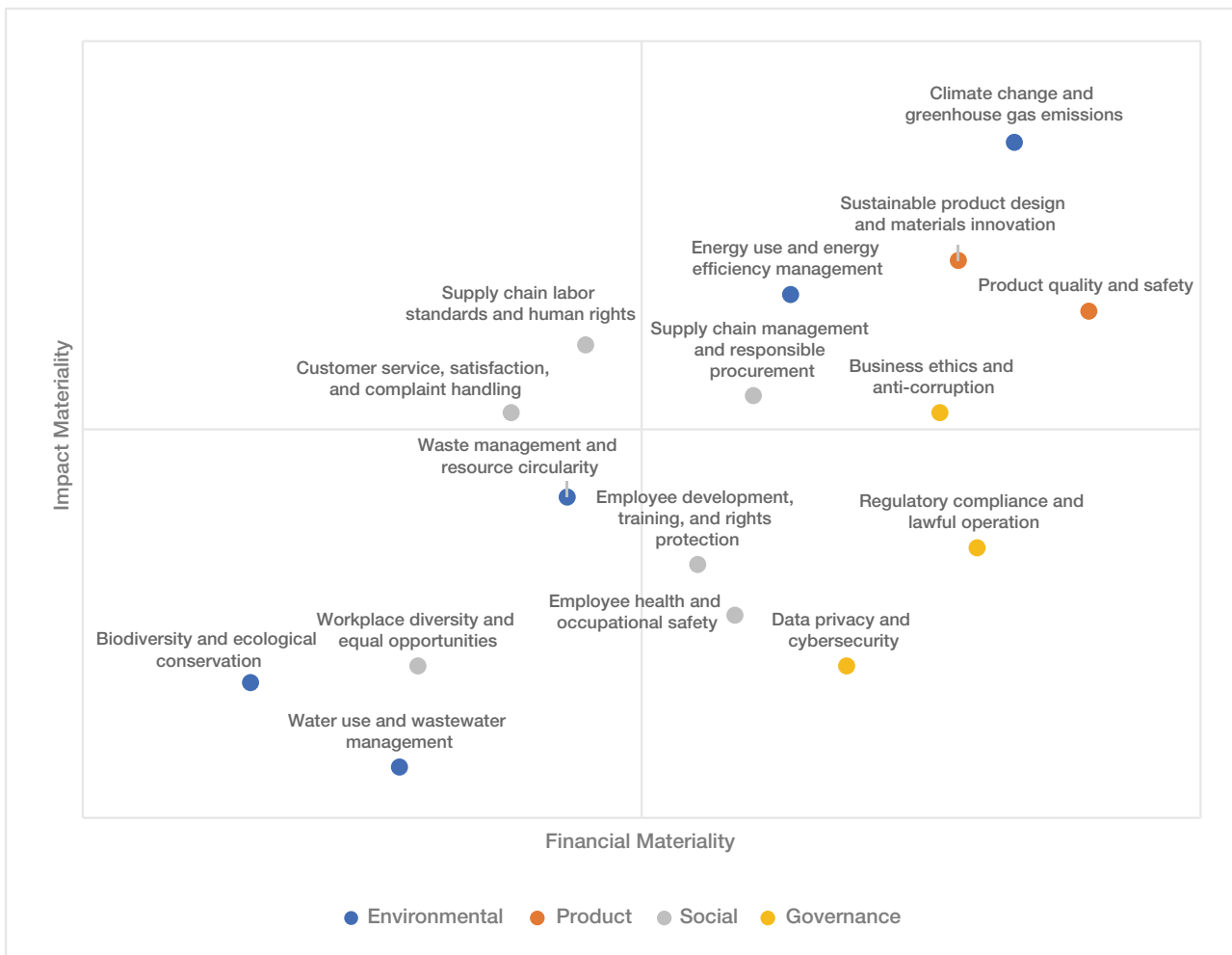
The Group’s materiality assessment is conducted with reference to the HKEX’s relevant guidance and major international frameworks, and takes into consideration external environmental changes, industry trends and stakeholder concerns. The assessment is coordinated by the ESG Working Committee, with participation from relevant functional departments, and the results are submitted to the Board for review to ensure professionalism and reasonableness of the process.

The steps for determining the Year’s material issues are summarised as follows:

Step	Main Content
Identification	With reference to the Stock Exchange’s requirements, major ESG reporting frameworks, the Group’s business characteristics and industry practice, compile and update a list of potential issues across environmental, social and governance categories; combine with internal management experience and prior disclosures to establish the Group’s ESG issue repository.
Materiality assessment	Draw on stakeholder engagement results and internal management discussions to conduct a preliminary assessment of candidate issues against two dimensions — financial materiality and impact materiality — with inputs from relevant functional departments.
Analysis and ranking	Synthesize assessment inputs to perform comparative analysis and rank issues by their relative importance across the two dimensions; identify higher-materiality issues and produce the materiality analysis results for the Year.
Review and approval	Submit the assessment and ranking results to management and the Board or its delegated committee for review and confirmation; approve the Year’s list of material issues to inform the Report’s disclosures, target setting, management improvements and resource allocation.

Following the Year’s materiality assessment, the Group identified 16 material ESG issues and evaluated their relative importance across the two dimensions of “financial materiality” and “impact materiality”. The results indicate that six issues scored highly on both financial materiality and impact materiality, reflecting the Group’s current core management priorities: climate change and greenhouse gas emissions; energy use and energy efficiency management; sustainable product design and materials innovation; product quality and safety; business ethics and anti-corruption; supply chain management and responsible procurement; and supply chain labour standards and human rights. The remaining issues fall into other materiality bands and remain important areas for ongoing management and disclosure within the Group’s overall ESG framework.

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The Group has used these results to structure the chapters and define the disclosure scope of the Report, and to inform the review of existing management systems, optimisation of policies and measures, and the setting of medium-to long-term ESG targets. The methodology and outcomes of the materiality assessment will be reviewed and updated periodically in light of changes in business footprint, regulatory requirements and stakeholder expectations to maintain relevance and forward-looking orientation, and to ensure the Group's ESG management priorities remain aligned with external conditions and business needs.

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INTEGRITY IN GOVERNANCE – STABILITY FOR THE LONG TERM

The Group regards sound and highly transparent corporate governance as the foundation for long-term sustainable development. The Board assumes overall leadership and ultimate oversight within the corporate governance framework, ensuring that the Group's governance arrangements, risk management and internal control mechanisms align with business strategy and regulatory requirements and effectively support the Group's long-term operational plans.

With reference to HKEX's Corporate Governance Code and market best practice, the Group is continuously refining the division of responsibilities and operational mechanisms of the Board, clarifying the boundaries of management authority and accountability, strengthening the risk management and compliance framework, and progressively establishing and enhancing reference standards and internal control requirements.

ESG Governance

Building on the existing ESG governance framework, the Group has further strengthened orderly implementation and continuous enhancement of ESG matters through Board-level leadership and oversight. When reviewing the Group's overall business strategy and major investment decisions, the Board incorporates material ESG matters and climate-related factors into its considerations, and requires the ESG Working Committee and management to integrate the risk profile, management measures and remediation progress of material issues into ESG management and to report punctually, ensuring arrangements align with the Group's risk appetite and long-term strategic direction.

The Group strictly complies with applicable laws, regulations and regulatory requirements in ESG management and disclosure, including HKEX listing rules and related guidance, and references internationally recognised standards and frameworks to continuously improve compliance and disclosure transparency. By reviewing the ESG Report and related internal reports, the Board supervises the implementation of the Group's strategies and policies, and requires management to take remedial and preventive actions in respect of identified issues and potential risks.

With regard to Board composition, the Group recognises the positive contribution of diversity to decision-making quality and governance effectiveness, and has adopted and implemented a Board diversity policy and a nomination policy. During director nomination, election and re-appointment processes, the Nomination Committee reviews Board composition and diversity and, when selecting and recommending director candidates, considers their professional competence, industry experience, integrity record and understanding of and commitment to ESG and sustainability. No unreasonable distinctions or discrimination will be made on the basis of gender, race, age, cultural background, educational background. Final appointment decisions are based on the overall capability of selected candidates and the contribution they will bring to the Board. The Nomination Committee periodically monitors and evaluates the implementation of the Board diversity policy and will recommend any necessary amendments to the Board for review and approval.

As at the end of the reporting period, the Board comprises seven members with a balanced mix of knowledge and skills, including general management and strategic development, quality assurance and control, finance and accounting, corporate governance, and industry experience relevant to the Group's operations and business. The Board includes three independent non-executive directors from diverse industry backgrounds, representing more than one-third of the Board; two directors are female. Diversity in gender, professional background and industry experience supports multi-perspective and professional judgement in deliberations on ESG and climate-related matters, and aids the Group's continuous improvement in corporate governance and ESG performance.

For further information on the Group's corporate governance framework, division of Board responsibilities, operation of specialised committees, and risk management and internal control systems, please refer to the Corporate Governance Report in the Group's Annual Report for the Year.

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Risk Management

The Group has established a risk management and internal control system to identify, assess and manage risks that may affect the Group's business development, financial performance and reputation, ensuring that operations are conducted within acceptable risk thresholds. The Board has ultimate responsibility for the effectiveness of the Group's risk management and internal control systems and reviews their effectiveness annually; the Audit Committee assists the Board in overseeing the establishment and implementation of these systems, while management is responsible for day-to-day risk management and execution of internal control measures.

The Group's risk management framework covers strategic, operational, financial, compliance and ESG domains, integrating ESG-related risks into the Group's overall risk management system. In the risk identification and assessment process, the Group considers climate-related transition and physical risks and their potential impacts on business footprint, operating costs, assets and the supply chain, and incorporates the relevant analysis into strategy formulation and operational decision-making.

The Group combines top-down risk governance with bottom-up risk identification mechanisms, and conducts periodic risk assessments, internal control self-assessments, internal audits and targeted reviews to monitor risk profiles and the effectiveness of control measures. For priority areas including climate-related risks, supply chain disruption, product quality, operational safety, information and cybersecurity, compliance and anti-bribery, the Group has established corresponding policies, procedures and contingency plans and updates them as appropriate in response to business developments and external changes. Through these arrangements, the Group systematically embeds ESG and climate-related matters into its risk management and internal control framework to support its long-term, sustainable development.

Integrity and Anti-Corruption

The Group places high importance on integrity and business ethics, integrating anti-corruption management into its corporate governance and risk management framework. The Group strictly complies with applicable laws and regulations, including the Anti-Unfair Competition Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, the Supervision Law of the People's Republic of China, the Prevention of Bribery Ordinance, the Companies Ordinance and the Securities and Futures Ordinance in Hong Kong, as well as other applicable laws in its operating jurisdictions. The Group also refers to guidance from regulators and industry bodies to continuously improve internal compliance policies and operational procedures. Through internal policies, compliance management, supervision and inspections, training and awareness-raising, and a whistleblowing mechanism, the Group seeks to prevent and deter any form of corruption or improper conduct and to foster a transparent, compliant and responsible business environment.

The Group has established anti-corruption and integrity management systems covering the Board, management and all employees, expressly prohibiting any form of bribery, kickbacks, transfer of improper benefits, misappropriation of assets, abuse of position and other illicit gains, including bribery conducted via third parties or improper hospitality arrangements. Integrity requirements extend to business partners and the supply chain: all suppliers are required to sign a "Sunshine Cooperation Agreement" that expressly prohibits commercial bribery, conflicts of interest, unfair competition and other improper transactions, and requires counterparties to commit to applicable anti-corruption laws and the Group's standards of business ethics, ensuring partnerships are conducted openly, fairly and impartially.

The Group has developed a systematic compliance and integrity framework and issued internal policies including the Basic Compliance Management System, Code of Conduct for Compliance, Measures for Identification, Assessment and Response to Compliance Risks, Measures for Reporting, Investigation and Handling of Misconduct, and Conflict of Interest Management Measures, which provide the basis for anti-corruption and fraud prevention. Under routine control arrangements, the Group requires departments to observe gift reporting, hospitality approval and conflict-of-interest declaration procedures. The compliance function, together with administrative and other relevant functions, conducts periodic spot checks on policy implementation and follows up on identified issues. Anti-corruption and compliance obligations are incorporated into employee training and linked to performance recognition and role outcomes to promote accountability at all levels. The Group also conducts targeted audits and compliance checks for key areas and high-risk positions as needed to strengthen oversight and reduce corruption and fraud risks.

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Regarding preventive measures and the whistleblowing mechanism, the Group implements the Measures for Reporting, Investigation and Handling of Misconduct, and encourages employees and other stakeholders to report suspected corruption, fraud, conflicts of interest or other serious misconduct by email, telephone or in writing to designated departments or officers. Reports are centrally logged, classified and assessed by designated personnel, and, with protection of the reporter's identity and legal rights, are investigated and handled according to procedures. The Group does not tolerate retaliation against bona fide whistleblowers or persons cooperating with investigations.

During the Reporting Period, the Group had no concluded corruption litigation cases and identified no instances of bribery or other material corruption involving the Group or its employees.

The Group conducts regular and ad hoc anti-corruption and integrity compliance training to enhance the Board's and employees' understanding of relevant laws, regulations and internal policies. During the Reporting Period, the Group delivered three targeted training sessions for directors, senior management and employees in key roles on prevention of misappropriation, conflict-of-interest management and commercial bribery risks, and reinforced integrity awareness and risk-identification skills through internal communications, policy briefings and case sharing. The Group also highlighted integrity requirements during supplier and partner engagement and, where necessary, carried out compliance briefings.

The Group will continue to review and optimise anti-corruption policies, implementation mechanisms and training arrangements, and will update related systems and procedures as appropriate in response to regulatory requirements, business developments and changes in the risk landscape to further strengthen integrity and anti-corruption governance.

Intellectual Property Management

The Group regards intellectual property as a key competitive asset and a carrier of innovation, and has adopted the management principles of "centralised governance, division of responsibilities and orderly regulation". The product department coordinates intellectual property-related management, responsible for policy formulation, coordination and review of major matters; other relevant departments designate part-time personnel to assist with day-to-day management, creating inter-departmental linkage to ensure intellectual property requirements are embedded across research and development, production, sales and external collaborations.

For protection of the Group's own intellectual property, the Group clarifies ownership of work-related intellectual achievements. Innovations produced in the course of employees' duties, or created using the Group's name, resources or facilities, fall within the Group's intellectual property management scope. Different types of rights are managed by category: after completion of a technical project, the product department organises evaluation of patent filing feasibility and files applications as required; results better protected as trade secrets are secured by confidentiality agreements, graded record management and access controls; trademarks and trade names are centrally managed by a designated department for application, registration, renewal and standardised use; for external collaborations, technology transfers and joint developments, written agreements specifying intellectual property ownership, licence scope, benefit sharing and confidentiality obligations are required to prevent leaks and ownership disputes.

To prevent infringement of third-party intellectual property, the Group embeds compliance requirements into business processes and requires departments to prudently check ownership and licence status of relevant technologies, trademarks and designs before commencing research and development, procurement, manufacturing or marketing, avoiding use of unauthorised solutions or marks. Where necessary, the Group engages professional search services or legal counsel for clearance and compliance review to mitigate potential infringement risks at source.

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The Group has established incentive and disciplinary mechanisms to promote intellectual property creation and proper management. Employees who make significant contributions to intellectual property generation, protection or enforcement may receive bonuses, rank adjustments or title recognition in accordance with internal rules; proceeds from commercialisation of technological results may be shared with inventors or designers as prescribed. Where employees misappropriate or usurp the Group's intellectual property, or where gross negligence causes the Group to infringe others' intellectual property, the Group will hold responsible individuals and relevant managers accountable in accordance with laws and internal rules. Against external infringers, the Group will seek remedies through negotiation, administrative channels or litigation to cease infringement and claim compensation.

The Group's intellectual property management system is aligned with and complies with the applicable laws and regulations in its operating jurisdictions and, in particular, the Advertising Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Patent Law of the People's Republic of China and the Copyright Law of the People's Republic of China. The Group seeks to strengthen protection of its own intellectual property comprehensively and to systematically guard against risks of infringing third-party intellectual property, thereby supporting the Group's ongoing innovation and stable development in the global fishing-equipment industry.

Information Security

The Group integrates data security into its overall risk management and internal control framework, and sets out unified responsibilities, management requirements and operational standards for data security through internal policies. The Group has established and implements the Information Security Management Measures, adhering to the principles of cybersecurity, business availability and information confidentiality. The Measures apply to all departments, employees, third-party partners and suppliers, and are intended to establish efficient information security monitoring and incident-response mechanisms to ensure timely detection, response and handling of incidents involving potential sensitive-information leaks, thereby protecting corporate and customer data and safeguarding the Group's reputation and legal rights.

To protect commercial information, technical documents and other core records, the Group deploys encryption software on workstations in relevant core technology departments to ensure automatic encryption of sensitive files. Encrypted files intended for external transmission require submission of a decryption request through the system and may be decrypted and sent only after approval by an authorised approver; decryption and transfer operations are fully logged and traceable, and unauthorised decryption, copying or disclosure of encrypted files is strictly prohibited. Highly sensitive electronic records, such as those containing intellectual property, are centrally stored on the Group's servers with strict access controls; access is generally limited to responsible departments and authorised management via account credentials, and all access and operations are recorded.

The Information Flow Department is responsible for managing the Group's information security, and regularly monitors and inspects key information systems and data-access activity, following up and remediating any abnormal access, privilege misuse or potential security risks in a timely manner. Through a combination of policy enforcement, access control and technical safeguards, the Group continuously enhances its data-security management to prevent unauthorised access, alteration or disclosure of data.

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Privacy Protection

The Group complies with applicable laws, regulations and regulatory requirements in its operating jurisdictions when handling consumer-related information, including the Personal Data (Privacy) Ordinance in Hong Kong, the Personal Information Protection Law of the People's Republic of China, the Cybersecurity Law of the People's Republic of China and the Data Security Law of the People's Republic of China, and integrates consumer data protection and privacy safeguards into the information security management framework and internal compliance policies.

The Group's Information Security Management Measures set out unified requirements for the collection, use, storage, transmission and destruction of consumer data. Customer information is centrally managed through a customer-relationship management system and relevant departments must strictly follow these requirements in business operations, implementing access controls in line with the Amoeba management model. The customer-relationship management system observes data isolation, segregation of duties and least-privilege principles, and differentiates access interfaces and operational privileges for Amoeba members, team leaders, managers, functional departments, management and system administrators. Standardised processes and approval requirements are established for additions, modifications and other changes to records, and all key operations are logged for audit and accountability. The Group will investigate and enforce accountability for non-compliance in accordance with internal procedures and handle incidents in line with applicable laws and regulations.

During the Reporting Period, the Group recorded no incidents involving consumer data breaches or serious violations of privacy protection requirements. The Group will continue to review and optimise consumer data protection and privacy policies and the related implementation and monitoring mechanisms in line with regulatory requirements and business developments to further enhance information security and privacy protection.

RESPONSE TO CLIMATE CHANGE

Governance

Under the Group's existing ESG governance framework, climate-related risks and opportunities are integrated into corporate governance and risk management; see the "ESG Governance" section for details. The Board actively obtains relevant internal and external information through regular meetings and, in its annual review of ESG and climate-related risks and opportunities, requires management to report on updates to applicable policies and regulations, industry trends and the Group's response strategies. When policy updates or major industry events occur, the Group supports the Board's oversight capability through thematic reports, external adviser briefings and internal and external training. When reviewing the Group's medium-to long-term strategy, annual operating plans and major capital expenditures, the Board considers the risks and opportunities presented by climate change and evaluates trade-offs between financial returns and climate impacts across alternative options. The Board approves principal climate-related targets and monitors progress through routine performance and ESG reporting. The Group plans to progressively incorporate climate performance into the performance and remuneration assessments of certain senior management roles.

Strategy

The Group identifies and assesses principal climate-related risks and opportunities arising from potential impacts on production operations, the supply chain and market demand, and formulates corresponding response strategies. For strategic planning and resource allocation, the Group divides the time horizon into: short term (within 3 years), medium term (3–10 years) and long term (over 10 years). The short term corresponds primarily to current operational arrangements and annual plans; the medium term corresponds to industry upgrading, supply chain restructuring and adjustment cycles for major product lines; and the long term aligns with the Hong Kong's Climate Action Plan 2050 and the national 3060 Carbon Peak and Carbon Neutrality Targets, and is integrated with the Group's strategic positioning and phased low-carbon transition plans. The Group bases its identification, assessment and strategy formulation for climate-related risks and opportunities on the above time horizons to clarify urgency and response levels, thereby informing the scope and priorities of investment decisions, product development, capacity planning and market expansion.

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Climate-Related Risk

Type	Climate-related risks	Risk description	Current and anticipated impacts on business and value chain	Potential financial impacts	Timing of impacts	Risk rating		Overall	Response strategies and decisions
						Likelihood	Severity		
Physical risks	Acute risk	Extreme weather events	Persistent heavy rainfall, floods and typhoons may damage production facilities and storage equipment; may disrupt normal transport of raw materials and finished goods; employee health may be adversely affected, disrupting operations	Increased operating costs; asset impairment; higher labour costs	Medium-term; Long-term	Medium	Medium	Medium	Establish extreme-weather emergency response mechanisms; enhance site resilience and infrastructure; strengthen routine maintenance and inspections; diversify supplier base to reduce single-source dependency; strengthen employee health protections, including health insurance
	Chronic risk	Changes in weather patterns	Raw-material prices (for example textiles) may fluctuate with changing weather patterns; heatwaves increase cooling demand and grid load, raising the risk of power outages that affect production	Higher procurement and utility costs; potential impact on revenue and cash flow	Medium-term; Long-term	Medium	Medium	Medium	Strengthen inventory management for key raw materials; improve supply-chain resilience; encourage core suppliers to implement climate-risk management and disclosure; optimise procurement strategy and hedge key resource prices
Transition risks	Policy and legal risk	Policy and regulatory changes	Regulation of greenhouse-gas emissions and energy consumption may become more stringent; climate-related disclosure requirements may broaden	Higher compliance costs and capital expenditure	Medium-term; Long-term	Medium	High	High	Establish a greenhouse-gas management system and conduct greenhouse-gas inventories; improve energy management to reduce intensity; monitor policy developments and allocate resources for compliance
		Stricter product requirements	Product carbon-footprint requirements may tighten; carbon border adjustments may increase export costs	Increased operating costs; margin pressure	Medium-term; Long-term	High	Medium	High	Conduct product carbon-footprint accounting; continuously optimise product design to reduce per-unit emissions; diversify markets to mitigate single-market policy risk
	Technology risk	Low-carbon technology transition	Failure to transition products to low-carbon alternatives may not meet customer or market requirements	Decline in revenue and shifts in market share	Medium-term; Long-term	Medium	High	High	Accelerate adoption of environmentally friendly technologies and materials; promote sustainable supply-chain practices
		R&D investment	Ongoing R&D investment required for low-carbon products and production processes	Higher capital and technology expenditure	Short-term; Medium-term; Long-term	Low	Medium	Medium	Develop phased technology upgrade plans to control investment pace; maintain R&D expenditure to drive low-carbon material and design innovation; collaborate with supply-chain partners and research institutions to share risk

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Type	Climate-related risks	Risk description	Current and anticipated impacts on business and value chain	Potential financial impacts	Timing of impacts	Risk rating		Response strategies and decisions	
						Likelihood	Severity	Overall	
	Market risk	Raw-material cost increases	Climate impacts may cause supply fluctuations and price volatility in the supply chain, affecting input costs and demand	Cost increases with potential margin and revenue impact	Medium-term; Long-term	Medium	Medium	Medium	Prioritise long-term partnerships with reliable suppliers to jointly manage risks
	Reputation risk	Increased investor scrutiny	Failure to meet environmental expectations may lead to negative reputational impact	Share-price volatility and investor pressure; potential financing/valuation impact	Medium-term; Long-term	Low	Medium	Medium	Improve climate disclosure; enhance customer trust; strengthen brand and green product competitiveness

Climate-Related Opportunities

Type	Climate-related opportunity	Current and anticipated impacts on business and value chain	Potential financial impact	Timing	Response strategies and decisions
Energy structure	Adoption of renewable energy	Reduce reliance on conventional energy, enhance energy stability, support the Group's greenhouse-gas reduction commitments	Reduced potential compliance risk	Medium-term; Long-term	Establish an energy management system and continue to improve the energy mix
Market	Customer demand for low-carbon products	Meet customers' sustainability requirements, strengthen partnership opportunities and order stability	Drive sales growth; increase market share; improve revenue stability and reduce customer churn risk	Short-term; Medium-term; Long-term	Promote green supply-chain management; continue to build greenhouse-gas management capabilities to meet customers' low-carbon procurement requirements; increase use of recyclable materials and optimise product design to support circularity
Products and services	Growth in demand for green products; extended product lifecycles	Use of low-carbon and recycled raw materials, reducing resource dependency; enhance market appeal and expand customer base	Increase long-term revenue stability	Short-term; Medium-term; Long-term	Increase application of environmentally friendly materials; develop low-carbon product lines to meet overseas customer needs; drive structural and optimise product design
Supply chain	Development of a green supply chain	Improve supply-chain stability and resilience	Lower risk of supply-chain disruption; stabilise cost structure	Medium-term; Long-term	Promote supplier carbon disclosure and low-carbon transition; establish green procurement mechanisms

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Climate Resilience and Scenario Analysis

Having considered the identified climate-related risks and opportunities, the Group has assessed its climate resilience in light of current business conditions and future development objectives. To evaluate climate-related risks comprehensively, the Group applied scenario analysis to assess the potential impacts of climate change on its principal operations. Using available and publicly accessible information and referencing the objectives of the Paris Agreement, the Group aligned scenario selection with the Hong Kong's Climate Action Plan 2050 and the national 3060 Carbon Peak and Carbon Neutrality Targets and the timing of the Group's phased transition plans. Taking 2025 as the baseline year, the Group used IPCC medium-to-high greenhouse-gas emission scenarios for physical-risk analysis, and adopted NGFS Delayed Transition and Net Zero 2050 scenarios for transition-risk analysis, thereby assessing the Group's climate resilience under moderate and adverse scenarios. The analysis covered the head office and the production facility in Huzhou, and the results have been applied to inform short-, medium-and long-term strategy development.

Physical risk	Relevance assumptions	IPCC AR6 SSP2-4.5 (medium-emission scenario)			IPCC AR6 SSP3-7.0 (high-emission scenario)		
		Expected impact			Expected impact		
		2028	2035	2050	2028	2035	2050
Extreme weather events	Assess how the physical risks affect the production site and operations, potential damage and risk value	Low	Low	Medium	Low	Medium	Medium
Changes in weather patterns		Low	Low	Medium	Low	Medium	Medium
Transition risk	Relevance assumptions	NGFS Net Zero 2050 Scenario			NGFS Delayed Transition Scenario		
		Expected impact			Expected impact		
		2028	2035	2050	2028	2035	2050
Policy and regulatory changes	Carbon policies tighten, increasing compliance costs	Low	Medium	Medium	Low	Low	Medium
Customer procurement requirements	Proportion of products and revenue affected by customers' stricter requirements on product carbon footprints and production-phase greenhouse-gas emissions	Low	Medium	High	Low	Low	Medium
R&D investment	R&D funding requirements may need to increase	Low	Low	Medium	Low	Low	Low
Cost increases	Cost rises due to affected raw materials and transport routes	Low	Low	Medium	Low	Low	Medium

Notes:

1. We conducted the above scenario analysis in the Year. As no material changes to the production sites and office locations are expected in the short term, we plan to perform the next scenario analysis at the next short term milestone;
2. We assume that the production sites and operating model will remain unchanged in the short term, and that climate related policies applicable to us will not undergo significant adjustments within the short term;
3. Given the high uncertainty associated with extreme weather events, and the potential variability of macroeconomic conditions, regulatory developments and customer procurement driven by their strategic adjustments, our scenario assumptions may differ from actual outcomes.

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The scenario analysis indicates that the Group's overall business is resilient under different climate pathways, though physical risks and transition risks may still affect the supply chain, operational efficiency and product sales. In formulating climate strategies, the Group fully incorporates the scenario-analysis results and adjusts short-, medium- and long-term plans accordingly to ensure sufficient climate resilience to address future uncertainties and challenges.

Climate-Related Risk and Opportunity Management

The Group integrates management of climate-related risks and opportunities into the overall corporate risk-governance framework alongside other ESG risks; see the "Risk Management" section for details. Guided by the Sustainable Development Strategy document, the Group applies a systematic process of identification, assessment and prioritisation, response, and monitoring, reporting and continuous improvement to manage climate-related risks and opportunities.

Identification	Systematically identify climate-related risks and opportunities, combining scenario analysis, external adviser assessments and publicly available information to perform qualitative and quantitative evaluations of likelihood and potential impacts to inform subsequent management.
Assessment and prioritisation	Based on probability and impact, classify and prioritise identified risks and opportunities, with emphasis on high-probability, high-impact items.
Response	For risks of different levels, develop targeted response measures including avoidance, mitigation, transfer and acceptance, and implement concrete action plans and accountability mechanisms to ensure effective execution.
Monitoring, reporting and continuous improvement	Establish continuous monitoring to track the implementation of climate-related risk responses; periodically review risk and opportunity assessments and progress against key indicators, and adjust management strategies and resource allocation as appropriate.

On this basis, the Group has implemented a range of measures to safeguard operational resilience and sustainable business development and to strengthen overall response capacity across the value chain. These include promoting low-carbon technology innovation and green product development, strengthening collaboration with suppliers, improving production processes, reducing greenhouse-gas emissions and adopting sustainable materials to enable a green transition while ensuring regulatory compliance. Although the Group has not yet conducted standalone financial quantification of climate-related strategies, it expects that, as projects progress, long-term financial benefits will be realised through improved resource efficiency and reduced operating costs. The Group will further explore and quantify the financial benefits of these initiatives and progressively incorporate them into the overall climate-risk and opportunity management framework. The Group has not applied internal carbon price in decision-making to date.

Facing a changing climate, the Group will continue to refine risk-management approaches, leverage data analytics and forecasting tools to enhance identification capabilities, and integrate innovative measures into corporate strategy to continually strengthen sustainability and resilience.

Metrics and Targets

Greenhouse-Gas Emissions

Scope 1 and Scope 2 Greenhouse-Gas Emissions

During the Reporting Period, the Group continued to identify and manage greenhouse-gas (GHG) emissions and calculated emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard. Scope 1 emissions principally arose from natural-gas and carbon-dioxide use in production workshops, employee shuttle services and refrigerant fugitive emissions from air-conditioning systems; emission factors were sourced from the Green and Sustainable Finance Cross-Agency Steering Group's calculation tools. Location-based Scope 2 emissions mainly derived from electricity consumption at production and office premises and purchased-steam heating for staff canteens; emission factors were taken from the 2023 Electricity Carbon Dioxide Emission Factors published by the Ministry of Ecology and Environment.

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The Group's annual emission intensity increased in the Reporting Period compared with the prior period. This was mainly due to the commissioning of new production areas to meet business demand: before new capacity was fully ramped up, baseline operational energy consumption for additional floors (lighting, utilities and the like) was partially recorded, increasing underlying energy use. In addition, more frequent use of workshop air-conditioning to improve working-environment comfort raised electricity consumption during the Reporting Period. Notwithstanding these factors, the Group continued to advance green-power procurement and use, which mitigated the growth in location-based Scope 2 emissions to some extent. The Group will continue to optimise energy-management strategies, improve energy efficiency and steadily pursue its GHG reduction targets.

Category	Unit	2025	2024
Scope 1 GHG emissions	tCO ₂ e	69.54	63.32
Scope 2 GHG emissions	tCO ₂ e	863.88	713.68
Total Scope 1 and Scope 2 GHG emissions	tCO ₂ e	933.42	777.00
Total Scope 1 and Scope 2 emission intensity	tCO ₂ e/RMB million revenue	1.41	1.35

Scope 3 Greenhouse-Gas Emissions

Category	Item	Unit	Emissions	Input data and assumptions
Category 1	Purchased goods and services	tCO ₂ e	374,065	Procurement weights by product category; calculations are based on purchase records aggregated by category and apply emission factors published by DEFRA.
Category 4	Upstream transportation and distribution	tCO ₂ e	2,600	Procurement weights and transport distances; calculations are based on purchase records aggregated by category and apply emission factors published by DEFRA.
Category 5	Waste generated in operations	tCO ₂ e	32	Treatment of waste generated by production and office operations; calculations are based on waste weights categorised by type and apply emission factors published by DEFRA.
Category 6	Business travel	tCO ₂ e	62	Employee air and rail travel and business-travel accommodation data; calculations apply emission factors published by DEFRA.
Category 7	Employee commuting	tCO ₂ e	461	Employee commuting modes and distances; calculations are based on questionnaire responses and apply emission factors published by DEFRA.
Category 9	Downstream transportation and distribution	tCO ₂ e	302	Finished-goods weights and transport distances; calculations are based on shipment records aggregated by category and apply emission factors published by DEFRA.
Total		tCO₂e	377,522	

Overall, the Group's Scope 3 GHG emissions are primarily attributable to the Purchased Goods and Services category. Going forward, the Group will pursue a value-chain-centred approach to deepen GHG management, identify priority emission-reduction areas and advance systematic decarbonisation pathways.

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Low-Carbon Transition Pathway

Based on GHG data and in compliance with environmental and GHG emission regulations in its operating jurisdictions, the Group has formulated science-based reduction pathways that align low-carbon transition with product innovation, cost optimisation and brand-value enhancement, thereby driving synergies between sustainability and commercial value. Clean-energy investment, renewable-power procurement and exploration of carbon-market mechanisms are targeted as key instruments in future transition planning. For specific energy-saving and emission-reduction projects, see the “Ecological Co-Prosperity — Practising Green Operations” section.

Against this strategic backdrop, and informed by the Group’s emission baseline and industry trends, the Group has developed a phased emission-reduction plan and implementation roadmap:

Phase	Period	Core objectives	Key action guidance
Foundation	2025–2028	Establish a carbon-management system; Reduce GHG intensity per unit revenue by 10–12%	Complete GHG inventories for all sites; implement energy-efficiency retrofits for high-energy-use processes; integrate carbon data into internal management reporting
Optimisation	2029–2035	Achieve operational emissions peak; Renewable-power use not less than 100%	Advance photovoltaic project appraisal and construction; explore participation in renewable-power procurement and certificate markets; encourage core suppliers to disclose carbon data
Deepening	2036–2050	Progress steadily towards operational carbon neutrality; Promote product-lifecycle decarbonisation	Continue to optimise the energy mix; address residual emissions through high-quality carbon offsets; develop and deploy low-carbon materials

Based on this, the Group has set detailed corporate-level climate targets using 2024 as the baseline to deliver the phased strategy.

Item	Target
Total Scope 1 and Scope 2 GHG emissions	Reduce total emissions by 20% by 2030
Scope 1 and Scope 2 GHG emission intensity	Reduce emission intensity by 10% by 2030
Scope 3 GHG accounting	Enhance completeness of Scope 3 accounting categories
Renewable-energy adoption	Achieve 100% renewable-power transition by 2035

In addition, the Group has established a dedicated implementation pathway for the Hong Kong head office, adopting a combined “operational reductions + carbon offsets” approach: reduce operational emissions through green office measures and improved energy efficiency; from 2030 onward, subject GHG emissions to third-party verification and offset residual emissions by purchasing internationally recognised carbon credits (for example Verified Carbon Standard or Gold Standard). The Group’s long-term aspiration is to achieve carbon neutrality by 2050 and it will pursue phased, step-wise emission reductions to continuously improve green operations and support national “3060” dual-carbon goals.

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ECOLOGICAL CO-PROSPERITY – PRACTISING GREEN OPERATIONS

The Group strictly complies with the Environmental Protection Law of the People's Republic of China, the Environmental Impact Assessment Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes and other applicable environmental laws and regulations, and has established a comprehensive environmental-compliance management system. The Group's business activities do not have material adverse impacts on the environment or natural resources. During the Reporting Period, all principal production plants and facilities of the Group completed environmental impact assessment procedures, obtained acceptance for construction projects under the "three simultaneities" principle and held valid pollution-discharge permits, ensuring production activities were conducted on a compliant basis and effectively mitigating environmental compliance risks. In addition, ecological and environmental risks are integrated into the ISO 14001 environmental-management system and are subject to ongoing oversight and assessment through annual third-party audits to ensure environmental and ecological impacts remain controlled.

Green Production System

Improving Working Environment

To continuously improve on-site environmental quality and occupational health, the Group is implementing systematic improvements focused on air quality, dust control, noise management and ancillary facilities to create a safer, cleaner and more comfortable production environment. The Group has also established an intelligent environmental-parameter monitoring system (real-time tracking of temperature, humidity, noise, etc.) to dynamically optimise working conditions and uphold the commitment to "healthy production, green operations", thereby safeguarding employee safety and sustainable development.

Welding-Fume and Exhaust Treatment

For welding and laser-marking operations that generate smoke and exhaust, the Group has installed welding-fume purification equipment in production workshops and constructed extraction ducting for laser-marking stations. Localised hoods and extraction systems are provided at workstations to capture pollutants at source, with centralised purification units treating the collected emissions. The project effectively reduces unregulated smoke release within workshops, ensures particulate and volatile organic compound emissions remain consistently within permitted limits, and mitigates environmental-compliance risks. At the same time, the previously prevalent "smoky" conditions in welding areas have materially improved, workshop cleanliness and 5S management levels have been significantly enhanced, and frontline employees' working conditions and respiratory health have been better protected.

Grinding Dust Control

To address high dust concentrations and wide dispersion from metal grinding operations, the Group has established semi-enclosed grinding workshops equipped with side-extraction dust-collection workstations and a centralised dust-collection system to effect directional capture and centralised treatment of dust. This measure effectively blocks the dispersion pathways of metal dust within workshops, substantially reducing dust exposure levels in grinding areas and adjacent workstations and preventing occupational-health risks at source. Collected dust is categorised and disposed of in a compliant manner to avoid secondary pollution, and overall working-environment conditions have materially improved.

Noise and Micro-Environment Optimisation

The Group advances noise and micro-environment improvements through both process and equipment measures. On the process side, pneumatic tooling has been introduced to improve installation precision and, together with upgrades to silent riveting machines, has effectively reduced workshop noise levels. On the equipment side, industrial airflow fans and temperature-and-humidity monitoring systems have been installed to improve air circulation and enable real-time monitoring of environmental conditions. These measures have reduced labour intensity and alleviated adverse conditions such as excessive heat and stuffiness, thereby improving employees' working comfort and concentration.

Auxiliary-Area Upgrades

The Group has concurrently advanced infrastructure optimisation and environmental improvements in production auxiliary areas, undertaking systematic refurbishments of facilities such as washrooms, including renewal of floor and wall finishes, installation of water-saving flushing systems and smoke-detector systems. These upgrades have remedied issues such as leaks, poor lighting and ageing fixtures, enhanced cleanliness and user experience, and strengthened fire-safety management to eliminate potential risks, thereby promoting more standardised and refined management of auxiliary areas.

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Environmental-Friendly Processes and Materials

While advancing product innovation and quality enhancement, the Group integrates environmental principles throughout product design and material selection. Through structural optimisation, material upgrades and functional innovation, the Group continually reduces resource consumption and environmental impacts. In product development, the Group advances green design across multiple dimensions, including source reduction, process optimisation and life extension, thereby lowering energy and material use during production and extending product lifecycles through improved durability and multifunctionality, supporting the practical realisation of sustainability at the product level.

Reducing Raw-Material Waste

The Group continues to advance intelligent upgrades of production processes by introducing advanced equipment such as laser beveling machines, automated cutting tables, intelligent welding equipment, fully automated grinding systems and laser-marking stations. These investments improve machining accuracy and production efficiency, reduce material waste and energy consumption, and help build a safer, greener and more sustainable production environment.

Environmental-Friendly Fabrics Application

At the materials level, the Group actively promotes the use of environmental-friendly fabrics to reduce reliance on traditionally high-environmental-impact materials. In product implementation, the Group is steadily upgrading structural materials and progressively introducing more environmentally benign fabric solutions that meet durability, waterproofing and functional requirements while reducing environmental impact and resource consumption during production. From the perspective of raw-material selection and the supply chain, the Group increased its use of recycled textiles to 200,000 metres during the Reporting Period.

Introduction of Recycled Materials

In recent years, the Group has substantially increased the use of recycled metals by substituting virgin ferrous and aluminium materials in certain products. During the Reporting Period, the Group used approximately 541 tonnes of recycled ferrous metal, representing about 17% of ferrous consumption, and approximately 196 tonnes of recycled aluminium, representing about 16% of aluminium consumption, thereby reducing demand for primary resource extraction and lowering energy consumption in production. Through promotion of recycled-metal use, the Group has cumulatively achieved over 3,100 tonnes of indirect carbon reductions, equivalent to the carbon sequestration of approximately 170,000 trees.

Packaging Management

The Group regards packaging management as a key element in advancing a green supply chain and reducing carbon and waste. While ensuring product protection and transport requirements are met, the Group progressively reduces reliance on single-use, hard-to-recycle and high-carbon-footprint packaging through optimised design and material selection. Guided by the principle of “reduce, substitute and circularise”, the Group embeds packaging management into product development, procurement and logistics, and works collaboratively with suppliers and customers to drive a transition to greener packaging.

On reduction and plastic-minimisation, the Group has phased out conventional plastic bags and EPE foam in packaging and replaced them with kraft paper and non-woven bags for product packaging and protection. During the Reporting Period, these measures reduced plastic usage by approximately 52.9 tonnes in total. The Group also promoted standardised reusable turnover crates with suppliers, deploying and circulating about 15,000 crates during the Year to cut single-use packaging consumption and improve resource efficiency in logistics and warehousing.

On substitution and circularity, the Group introduced Forest Stewardship Council certified materials, prioritising sustainably sourced paper for outer packaging and labelling. During the Reporting Period, the Group used over 102,000 FSC-certified packaging items and labels, helping upstream suppliers advance sustainable forest management. The Group also expanded use of recycled materials in packaging, adopting recycled plastic bags for certain products; recycled material usage amounted to approximately 721,000 items during the Reporting Period, reducing dependence on virgin petrochemical materials and lowering associated GHG emissions in production to some extent. The Group will continue to collaborate with suppliers and customers to optimise packaging design and material composition to further improve environmental performance.

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Energy and Resource Management

To fulfil its environmental responsibilities and promote sustainable development, the Group, under the ISO 14001 environmental management system, has established the Energy and Resource Management Procedure and continues to refine its energy-and-resource management mechanisms. In daily operations, the Group implements an end-to-end management model covering source reduction, process control and end-of-pipe treatment to systematically improve energy efficiency and resource utilisation, and to advance energy-saving, emission-reduction and resource-circularity measures. These actions aim to reduce environmental impact and ensure that management practices comply with regulatory requirements and business needs.

Water

The Group places strong emphasis on efficient water use and environmental management, integrating water management into the core of its resource and environmental management systems. Guided by the principles of source-level conservation, process control and compliant discharge, the Group has established an end-to-end management mechanism covering water-use monitoring, water-saving retrofits and wastewater treatment. By optimising water-use patterns and promoting water-saving technologies, the Group continually improves water-use efficiency and reduces the environmental impact of production and operations.

During the Reporting Period, the Group experienced no issues in accessing applicable water sources; total water consumption rose due to additional production capacity but is expected to stabilise as new production lines normalise. To address increased water demand, the Group has advanced water-saving retrofit projects, including replacing timed flush systems with electric metered flush controls and installing water-efficient taps in office and production areas, thereby reducing daily water waste and improving refined water-use management.

With respect to wastewater management, the Group's wastewater is primarily domestic sewage and does not include high-polluting industrial effluent. All wastewater is channelled to municipal sewer systems and treated by qualified third-party wastewater treatment plants to ensure compliance with applicable environmental requirements; no non-compliant discharges occurred during the Reporting Period.

Energy Consumption

The Group places strong emphasis on energy use and regards energy management as a key lever in its low-carbon transition, guided by the principles of improving energy efficiency, optimising the energy mix and reducing emissions. The Group continues to enhance its energy management system and, through energy-efficiency retrofits, equipment upgrades and the adoption of renewable power, seeks to improve energy use efficiency and reduce energy intensity per unit of revenue.

In terms of electricity-use efficiency, the Group has replaced conventional high-consumption equipment with higher-efficiency production machines to reduce energy demand at source. During the Reporting Period, the introduction of new laser-cutting machines saved approximately 74,056 kWh per unit per year; the deployment of high-efficiency air compressors delivered annual savings of approximately 44,460 kWh. The Group also retired 59 ageing sewing machines and introduced 20 new energy-saving sewing machines, thereby improving operational efficiency while maintaining production capacity and reducing overall energy use.

With respect to the energy mix, the Group is increasing its use of renewable power. The Group introduced renewable electricity at its Huzhou production workshop, reducing GHG emissions associated with electricity consumption. During the Reporting Period, renewable-power consumption reached 1,550 MWh, representing approximately 50% of total electricity consumption. The Group will continue to assess the feasibility of scaling high-efficiency equipment and renewable power across other production sites to further optimise its energy mix and electricity-use efficiency.

Lighting System Retrofit Project

To reduce lighting energy consumption in production and office areas, the Group implemented an energy-saving lighting retrofit across the plant, replacing approximately 2,600 lamps. Eight-watt high-efficiency LED tubes were installed to replace the former 16-watt high-consumption tubes. After the retrofit, annual energy consumption per tube decreased from 73 kWh to 37 kWh, and lamp power factor improved from 0.56 to 0.96, materially enhancing electricity-use efficiency. Overall, the lighting project achieves annual electricity savings of approximately 93.6 MWh, reducing annual greenhouse-gas emissions from 145.38 tonnes CO₂e to 73.68 tonnes CO₂e, an annual reduction of about 71.7 tonnes CO₂e.

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Compressed-Air Leak Detection and Optimisation Project

The Group conducted a comprehensive leak-detection and optimisation programme across the plant's compressed-air system to reduce ineffective energy consumption. During the Reporting Period, 68 leakage points were identified and repaired, and a routine inspection regime was established to sustain system efficiency improvements. These measures materially enhanced compressed-air system performance, yielding annual electricity savings of approximately 52.49 MWh and an associated reduction of about 40.2 tonnes CO₂e in greenhouse-gas emissions.

Waste Management

The Group strictly complies with national and local laws and regulations on solid-waste management and has established an end-to-end waste-management system covering classification and collection, standardised storage, compliant transfer and professional disposal. By combining institutional controls with external specialist partners, the Group continually reduces the environmental impact of waste.

The Group classifies waste generated in production and daily operations by waste type. Waste from production and operations primarily comprises scrap, general industrial solid waste and domestic refuse (non-hazardous), together with a small volume of hazardous waste, mainly used packaging drums.

In production, the Group implements source control and standardised management through centralised scrap recovery, classified interim storage and compliant disposal to avoid secondary pollution. All waste streams are collected and labelled in accordance with regulatory requirements to prevent co-mixing or co-transportation of different waste categories. Beyond optimising production processes and reducing packaging use, the Group has achieved 100% recovery of the largest non-hazardous waste streams (scrap metal and fabrics), minimising resource waste; other non-hazardous waste is disposed of by qualified third parties. For hazardous waste, the Group enforces dedicated management, classified storage and ledger-based recording, and engages licensed environmental service providers for collection, transport and disposal in strict accordance with national hazardous-waste regulations to ensure full traceability and compliance with environmental and safety requirements.

Environmental Targets

The Group has established a set of clear and quantifiable environmental management targets aligned with its business model and operational characteristics. Targets will be reviewed and updated as external regulatory requirements and stakeholder expectations evolve to enhance environmental management and disclosure quality.

The Group maintains 2024 as the baseline year for the targets and is progressing steadily towards their achievement in the Year. Targets are set out below:

Environmental target	Target description
Energy-use intensity	Reduce purchased electricity intensity by 10% by 2030
Renewable-energy share	Increase renewable-power share to 50% or above by 2030
Water intensity	Reduce water-use intensity by 5% by 2030
Non-hazardous waste intensity	Maintain 100% recovery rate for scrap metal and fabrics
Hazardous-waste compliant disposal rate	Maintain 100% compliant disposal of hazardous waste
Packaging-material intensity	Reduce packaging-material intensity by 5% by 2030

Green Communication Programme

The Group incorporates training on “green construction” and “energy saving and emission reduction” into its annual training plan and has established a two-way communication mechanism of internal full-coverage and external supply chain enablement. Internally, systematic training enhances employees' awareness and execution of low-carbon production and resource management. Externally, training and experience sharing build suppliers' capacity in carbon management and environmental performance. During the Year the Group delivered six green-themed training sessions, reaching over 850 employee and supplier-representative attendances. The Group also ran the “Ridge Green Supply Chain Bootcamp”, providing free carbon-accounting tools and best practice guidance and delivering related training to at least 40 suppliers.

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Resource Management and Circular Economy Training

This Year, the Group organised a thematic training programme titled “Factory Resource Life Cycle Management — Water, Packaging and Circular Economy Practices” to provide systematic instruction to production line personnel and relevant managers on efficient resource use and circular economy principles.

Against the backdrop of global resource constraints and national “3060” dual carbon policies, the training focused on water use efficiency, packaging reduction design and recycling of secondary resources. Delivered in a “theory, case study and practical guidance” format, the programme covered standardised water saving behaviours, material reduction design approaches and waste segregation management, and emphasised incorporation of resource management requirements into daily operating procedures and performance assessments to shift staff from passive compliance to active participation.

In addition, the Group delivered a management level course, “Green Construction and Energy Saving Practices — Factory Implementation Guide”, targeting senior management and key business units to strengthen strategic understanding and execution capability for the green transition.

Training content aligned with the national “3060” strategy and green factory requirements, presenting implementation pathways for manufacturing firms in energy mix optimisation, process level energy saving and resource circularity. Participants were guided on using energy monitoring systems and digital management platforms for real time monitoring and refined control of energy use, with the aim of reducing operational energy consumption and improving efficiency through process optimisation, equipment efficiency upgrades and energy recovery measures.



CRAFTSMANSHIP FOR THE LONG TERM — BUILDING AN INDUSTRY ECOSYSTEM

As a global leader in the fishing-equipment industry, the Group has built a diversified portfolio of high-quality products founded on advanced product design and development principles, a flexible and efficient supply chain, and rigorous quality control throughout the value chain. These core strengths not only create a robust competitive moat in a highly contested market but also ensure that, as a mature global manufacturer, the Group can leverage extensive market insight and resources to seize market opportunities continuously.

System Certifications and External Audits

The Group continuously enhances its management-system framework and validates management performance through third-party certification and customer audits. During the Reporting Period, the Group’s ISO 9001 quality management system, ISO 14001 environmental management system and ISO 45001 occupational health and safety management system successfully passed annual surveillance audits and remained effectively operational. The Group also successfully passed the Business Social Compliance Initiative (BSCI) audit, further strengthening compliance in labour management, occupational health and safety, and supply chain responsibility.

In addition, the Group engages in in-depth collaboration with international customers and accepts customer audits. During the Reporting Period, the Group entered into partnership agreements with key customers and met international brands’ audit requirements — including in human-resources practices, social-responsibility standards, quality assurance and key process capabilities (for example welding DPR and sewing DPR) — thereby comprehensively satisfying customers’ high standards for quality, process, safety and social responsibility.

Product Quality Management

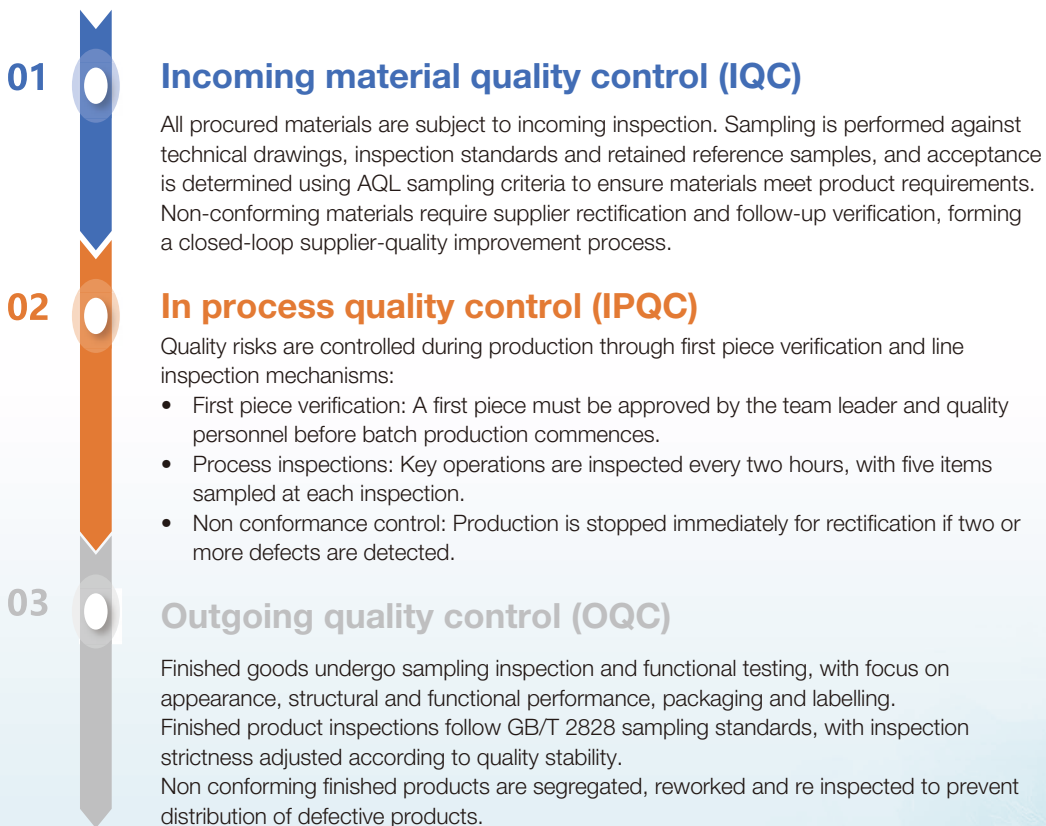
The Group complies with the Law of the People's Republic of China on Product Quality and other applicable laws and regulations, and, in accordance with ISO 9001 quality management system requirements, adheres to lifecycle quality control as its core, establishing an end-to-end quality management system covering product design, supply chain management, production process control and finished-goods delivery. For export products, the Group also ensures compliance with the laws and regulations of destination countries and regions. Through systematic and standardised management mechanisms, the Group ensures consistency and reliability of product quality and provides customers with high-quality, trustworthy products.

For incoming-material management, the Group has established approximately 130 material inspection standards by material category and strictly implements incoming-material inspection protocols, conducting comprehensive checks on material specifications, appearance and performance to ensure non-conforming raw materials do not enter production. For equipment management, the Group has established a four-tier equipment maintenance system to ensure production equipment remains in stable operating condition and to safeguard product quality at the equipment level. For finished-product control, the Group issues product inspection manuals and enforces 100% inspection, ensuring products meet quality standards before delivery and thereby achieving closed-loop quality management across the product lifecycle. The Group has also formed multi-department joint inspection teams to conduct weekly production-operation checks, and through rigid assessment and reward-and-penalty mechanisms continues to raise the standardisation level of on-site management.

During the Reporting Period, the Group recorded no product recall incidents due to health or safety reasons; overall product quality remained stable and reliable.

Comprehensive Quality-Control Mechanism

The Group has established a comprehensive quality-control system covering incoming materials, in-process production and finished goods:

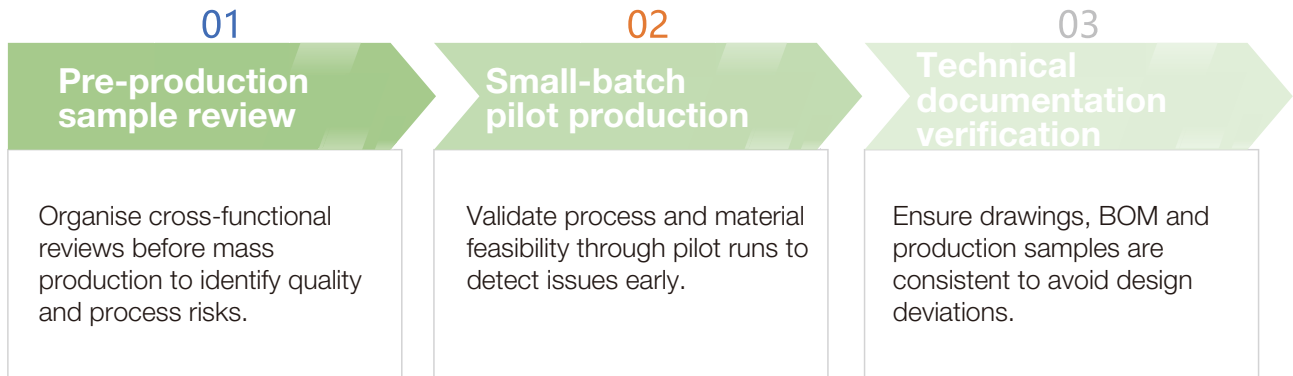


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Product Development Quality Management

During product research and development, the Group implements quality-management measures from the pre-production stage, including pre-production sample validation, small-batch pilot runs and TR reviews, to ensure that products undergo comprehensive verification before mass production.

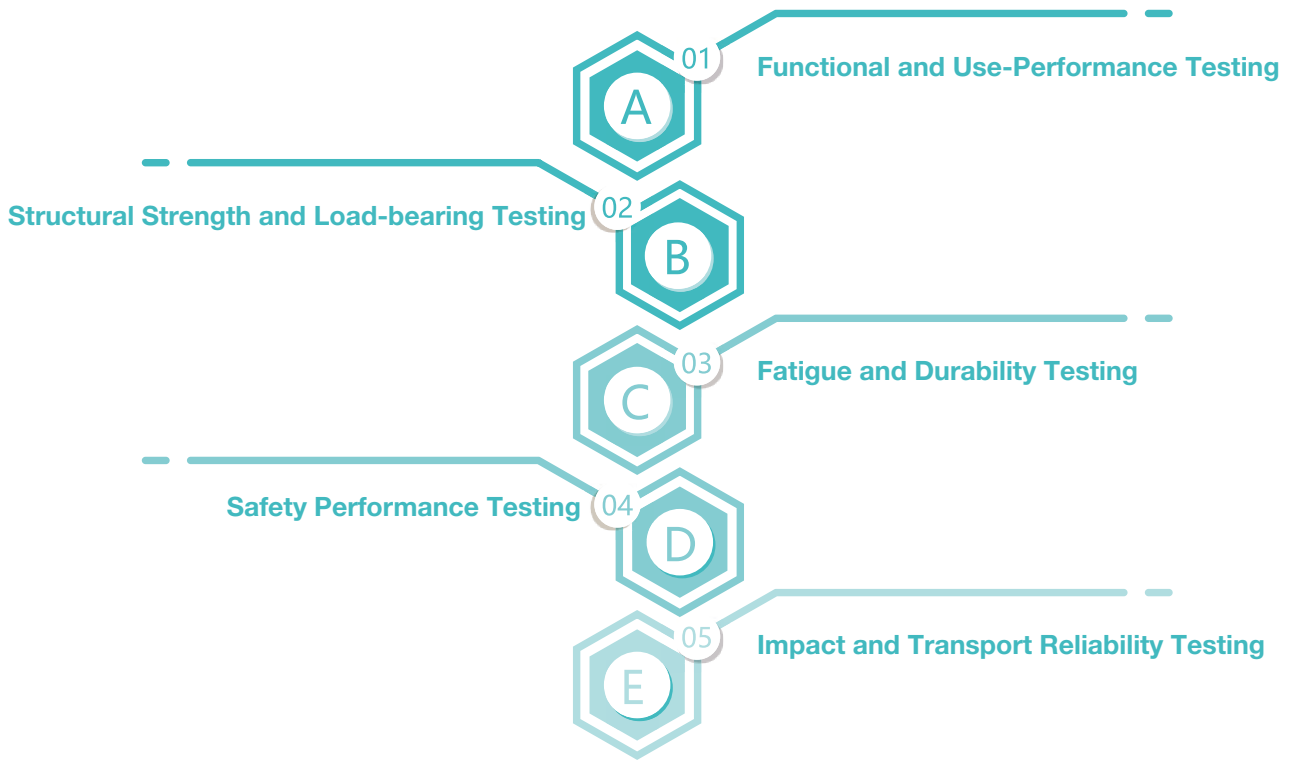


Product Performance and Safety Testing

The Group has established a systematic performance-testing regime covering different product categories to verify functional, structural-strength and safety performance, ensuring product reliability and durability in real-world use. The testing regime is based on the Group's internal standards and relevant international standards (for example EN 581 and EN 1022), and covers key dimensions including functional verification, safety assessment, durability testing and transport simulation to secure product performance from design through to mass production.

The Group has developed differentiated testing-standard systems tailored to the use scenarios and functional characteristics of different product types to ensure safety, durability and reliability in actual use. By aligning test protocols with product attributes, the Group can more precisely identify product risks and enhance overall product performance and user experience.

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Full-Dimension Performance-Testing System

Non-conforming Product Control

The Group operates a tiered quality-issue management mechanism that classifies product defects as critical, major and minor, and applies differentiated control measures for each category. The Group has implemented a comprehensive product identification and traceability system, adopting a “one item, one part-number” management approach and combining process-level identification with order-plan numbers to achieve end-to-end traceability from raw materials, production and inspection to finished-goods delivery, ensuring transparent and auditable product information.

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The Group follows a non-conforming-product recall regime and has established a three-level recall contingency plan that specifies the responsibilities of functional departments and emergency procedures. Upon identification of a quality issue, affected batches can be rapidly isolated, customers promptly notified, and product retrieval and corrective actions completed efficiently to minimise customer risk and impact. Certain products are already covered by 100% RFID tagging, with each item assigned a unique electronic identifier that enables automatic data capture and system entry via scanning devices and data binding with customer systems for rapid inventory, product-tracking and market-flow queries, thereby enhancing supply chain transparency and customer service capability. In addition, the Group produces regular quality reports through a quality-data analytics mechanism, drives supplier quality improvement, conducts root-cause analysis and closed-loop corrective actions for major quality issues, and continuously refines inspection standards and processes.

During the Reporting Period, the Group recorded no product recalls arising from health or safety reasons.

Product Chemical Safety

The Group has established a systematic hazardous-substance management system based on relevant standards and customer environmental requirements to exercise end-to-end control over chemical use in products and production processes, ensuring compliance with global regulations and customer standards. The management system covers raw-material procurement, production-process control and finished-product testing, and is subject to ongoing updates and optimisation.

The Group conducts systematic identification of key chemical risks and, at a standards level, references major international chemical-control lists, including:

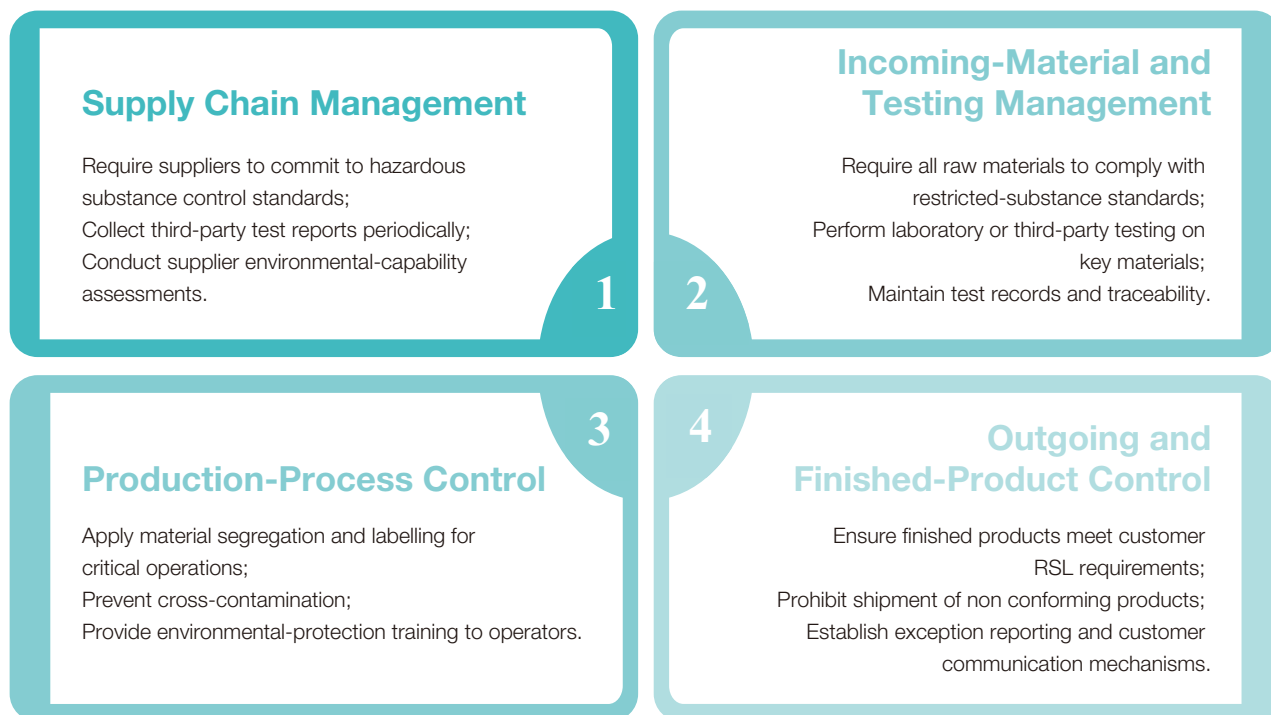
- the Zero Discharge of Hazardous Chemicals Manufacturing Restricted Substances List (ZDHC MRSL)
- customer restricted-substance/list requirements
- national and regional regulations (for example REACH and POPs)

ZDHC MRSL addresses “intentionally added” hazardous substances at the production source, covering not only finished-product safety but also environmental and occupational health impacts during production. On this basis, the Group focuses on the following categories:

Category	Typical substances	Risk characteristics	Control measures
Dyes	Disperse dyes, sensitising dyes	May cause allergies or carcinogenic risks	Prohibition lists
Plasticisers	Phthalates	Adverse health and environmental impacts	Limit controls
PFAS	Per-and polyfluoroalkyl substances	Persistent and bioaccumulative	Strict restrictions
Heavy metals	Lead, cadmium, chromium, etc.	Toxicity and environmental contamination risk	Testing and limit controls
Volatile organic compounds (VOCs)	Benzene, toluene, etc.	Volatile pollution and health risks	Concentration controls

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The Group implements an end-to-end chemical-management programme, comprising the following controls:



Supply Chain Management

The Group has established a global supply chain system based on the principles of stability, efficiency and sustainability. As at the end of the Year, the Group's supplier base comprised 552 suppliers covering core materials, bulk materials, bottleneck materials and general materials. By geography, suppliers are concentrated in China's more developed manufacturing regions, with Zhejiang Province as the core and extensions to Jiangsu, Guangdong, Henan and Shanghai, leveraging industrial-cluster advantages to enable efficient coordination and rapid response. The Group pursues supplier localisation that aligns with regional industrial strengths to improve supply chain collaboration, reduce procurement costs and shorten lead times. In supplier selection the Group considers material characteristics and logistics factors; for light goods and packaging materials with high transport cost, the Group gives priority to local development and procurement to reduce transport costs and greenhouse-gas emissions and to improve supply chain responsiveness.

Supplier Onboarding Mechanism

The Group has established a systematic supplier onboarding management mechanism comprising a multi-stage process of qualification review, sample validation, on-site assessment and comprehensive approval to ensure suppliers meet the Group's requirements in quality assurance capability, technical competence and compliance management.

All new suppliers must submit relevant documentation during onboarding, including business licences, supplier basic-information forms, project filing forms, management-system certificates and third-party test reports. Suppliers handling hazardous chemicals or specialised materials are additionally required to provide Material Safety Data Sheets and relevant qualification documents to demonstrate compliance with environmental and safety regulations.

Suppliers that pass the preliminary review proceed to sample validation and material confirmation, with the Quality and Engineering departments evaluating material performance and suitability. An on-site factory audit is then conducted by a review panel comprising Procurement, Quality (Supplier Quality Engineer) and the Chief Engineer's office to assess production capacity, process capability and quality systems. The panel issues corrective actions as necessary and tracks closure.

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The onboarding mechanism applies a strict multi-party review regime in which Quality, Engineering and Procurement each hold veto power; a supplier is admitted to the approved supplier list only when all parties concur. Core, bulk and bottleneck material suppliers require approval by the Procurement Director and the relevant senior executive, while general material suppliers are approved by the Procurement Director, implementing graded control and risk management. For new or novel materials, the Group requires a defined evaluation process: Research & Development and Quality jointly develop inspection standards and conduct validations to ensure material stability and performance prior to formal introduction.

Supplier Classification and Tiering

The Group classifies suppliers into four categories based on the impact of supplied materials on product value and supply risk: core materials, bulk materials, bottleneck materials and general materials, and applies differentiated onboarding standards and management strategies for each category. Core and bottleneck material suppliers are subject to stricter admission assessment and continuous monitoring to secure stable supply and quality reliability; bulk material suppliers are managed with a focus on cost and delivery capability; general material suppliers are managed for efficiency and stability through streamlined processes.

Tier	Characteristics	Management strategy
I Core materials	High impact; high complexity	Establish strategic partnerships to ensure stable supply
II Bulk materials	High volume; standardised	Reduce costs through scale procurement
III Bottleneck materials	Limited supply; high technical threshold	Reduce supply risk; develop alternative sources
IV General materials	Low impact; adequate supply	Simplify processes; improve procurement efficiency

The Group has established a systematic supplier-performance evaluation and continuous-improvement mechanism that monitors quality, delivery, cost and cooperation across monthly, quarterly and annual review cycles to achieve dynamic oversight and ongoing optimisation of supply-chain performance. Monthly performance data are converted into quantitative scores and subject to consolidated quarterly and annual assessments to ensure continuity and objectivity of evaluations.

Based on performance scores, the Group classifies suppliers into tiers to enable dynamic optimisation of supply-chain resources and effective risk control, and implements differentiated management strategies.

Tier	Quarterly score	Procurement strategy
Strategic supplier	≥95	Increase procurement volume; pursue strategic development and win-win cooperation
Excellent supplier	≥85	Increase procurement volume; provide targeted management support
Qualified supplier	≥70	Maintain normal procurement volume
General supplier	≥60	Reserve alternative suppliers; gradually reduce volume; provide selective guidance
Candidate for de-listing	<60	Activate alternative suppliers; gradually reduce or suspend procurement; provide selective guidance

The Group has established a robust closed-loop corrective mechanism. Suppliers failing to meet performance thresholds are required to submit a written rectification plan within a stipulated period, specifying corrective actions, responsible persons and completion timelines; Procurement and Quality jointly track remediation progress and effectiveness. For major or recurrent issues, the Group provides targeted coaching and on-site support to help suppliers improve. Performance results are linked to procurement strategies, supplier tiering and annual supplier recognition processes to form a continuous “assess-feedback-improve-reassess” cycle, thereby enhancing overall supply-chain quality and collaboration.

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Supply-Chain Quality and Risk Control

The Group strengthens supply chain quality and risk management through institutional measures and has established a supplier-control mechanism centred on “risk-tiering and dynamic supervision”. The Group issues the Supplier Unannounced Audit Management Measures to conduct non-scheduled, unannounced on-site audits of suppliers to ensure the authenticity and objectivity of assessment results. Unannounced audits are led by the Quality Management Centre with a dedicated team formed with Procurement, Engineering and other departments, covering suppliers’ full production processes and key management nodes.

Assessment methods

Document review, on-site observation, personnel interviews, and sample testing

Audit Scope	Supplier production processes and process controls; Implementation of quality-management systems; Incoming-material and finished-product inspection; Warehousing and logistics management
Unannounced Audit frequency	High-risk suppliers: at least quarterly; Medium-risk suppliers: semi-annually; Low-risk suppliers: annually
Sampling	Random sampling of incoming materials, work-in-progress and finished goods; Testing and verification by internal laboratory or third-party testing organisations

Findings from unannounced audits are classified by severity and recorded in formal audit reports specifying corrective actions, responsible persons and completion deadlines. The Group has a strict corrective-action and re-inspection mechanism: suppliers must submit rectification reports within the prescribed timeframe and re-inspection is carried out to verify effectiveness. For suppliers that fail to rectify issues or exhibit repeated non-conformances, the Group may apply measures including warnings, reduced procurement allocation, extended payment terms, suspension or termination of cooperation to ensure effective closure.

Supply Chain Social Responsibility and Compliance Management

To ensure legal compliance and fulfil social-responsibility obligations across the supply chain, the Group incorporates supplier social responsibility into its supply chain management system and strictly adheres to the relevant requirements of the International Labour Organization Conventions No. 29 and No. 105, the Universal Declaration of Human Rights and applicable anti-forced-labour laws and regulations in relevant jurisdictions (including, without limitation, Section 307 of the United States Tariff Act and The EU Forced Labour Regulation). Accordingly, the Group has issued a Supplier Social-Responsibility Commitment. As at the end of the Reporting Period, 51 core suppliers and 43 key suppliers had signed the commitment, and signing the commitment is treated as an important prerequisite for long-term cooperation.

The Group also issues a Notice on Prohibition of Forced Labour and Human-Rights Compliance to relevant suppliers to strengthen human-rights compliance in the supply chain, requiring suppliers to conduct forced-labour risk self-assessments, establish internal compliance mechanisms and accept audits and oversight by the Group and its customers. For suppliers identified as high risk, the Group focuses on labour composition, labour sourcing and labour-management practices to ensure compliance with international human-rights and trade-compliance requirements across the supply chain.

In addition, the Group embeds social-responsibility requirements into routine supplier management and evaluation processes, and monitors supplier performance through performance evaluations, unannounced audits and targeted reviews. Where issues are identified, suppliers are required to develop corrective-action plans and the Group tracks implementation. For serious human-rights or compliance violations, the Group may reduce purchase volumes or terminate cooperation to safeguard overall supply-chain compliance.

Through these mechanisms, the Group is shifting from merely cascading compliance requirements to co-building responsibility with suppliers, driving continuous improvement in social-responsibility management across the supply chain and promoting a more transparent, standardised and sustainable supply-chain system.

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Green Supply Chain and Low-Carbon Transition

The Group recognises that a genuine low-carbon transition requires coordinated action across the entire value chain. Accordingly, the Group pursues a three-pronged approach of “standards leadership, technology enablement and business-model innovation” and adopts a dual strategy of stringent requirements and strong capacity building to engage upstream and downstream partners in the low-carbon transition and to build a green industry ecosystem.

The Group gives priority to partnering with suppliers that hold relevant management-system or green-product certifications or that supply products with sustainable attributes, and includes green and environmental requirements in applicable procurement contracts. The Group encourages suppliers to undertake product-carbon-footprint accounting and third-party verification to enhance transparency of supply-chain greenhouse-gas emissions. Some suppliers have completed product-carbon-footprint verification based on ISO 14067, providing data to support value-chain carbon management and the Group’s emission-reduction pathways.



Supplier System Certifications

To drive emission reductions, the Group has launched the “Green Value-Chain Partner Programme” and issued a Supply-Chain Notice on Collaborative Carbon-Reduction Efforts to key suppliers, communicating low-carbon expectations and encouraging suppliers to conduct carbon-baseline inventories, set reduction targets, optimise production and operations, and strengthen data disclosure and communication. Invited suppliers receive support in capacity building, technical exchange and coordinated implementation to help establish greenhouse-gas management mechanisms and improve disclosure capability.

The Group is also promoting deep integration of green practices across the supply chain through supplier training, jointly exploring low-carbon transitions, energy-saving technologies and material substitution solutions, and driving continuous improvement in overall supply-chain environmental performance. See the “Green Communication Programme” section for details.

Customer Experience Assurance

The Group remains customer-centric and, in compliance with the Law on Protection of Consumer Rights and Interests of the People’s Republic of China, treats product quality, delivery capability and service responsiveness as core levers to enhance customer satisfaction. Through a robust quality-control system, customer-feedback mechanisms and continuous-improvement processes, the Group continuously improves customer experience and market competitiveness.

Enhancing Customer Satisfaction

In traditional OEM operations, sales personnel serve as the principal after-sales contact. The Group systematically collects customer feedback via client visits, on-site inspections and surveys, and applies a unified satisfaction-evaluation framework across four dimensions: product quality, packaging, delivery and service. Collected data are centrally aggregated and analysed to identify root causes; responsible departments develop improvement plans and conduct customer follow-ups on remedial actions. For feedback relating to product quality and packaging, follow-up is targeted within one week; delivery and service issues are addressed through ongoing optimisation mechanisms. During the Reporting Period, OEM customer satisfaction surveys covered nearly 100% of completed customers.

For branded and online channels, the Group operates a closed-loop user-feedback mechanism via third-party e-commerce platforms. Ensuring a 24-hour customer-service response rate, operations staff extract user reviews and experience scores from platform back-end data and combine these with customer-service records and satisfaction scores for real-time feedback capture. Feedback data are aggregated and analysed regularly to identify common needs and issues and to develop targeted corrective actions.

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Customer Complaint Handling

The Group has established a systematic complaint-handling mechanism and uses the order-management system to digitise complaint records, classify customer feedback and drive closed-loop corrective actions. Multiple complaint channels are available, including email, instant messaging, meetings and third-party platforms. The Sales Department serves as the primary customer interface and, upon receipt of a complaint, ensures the matter is immediately entered into the handling process and simultaneously routed to the relevant departments for investigation:

- Production — perform focused checks within prescribed timeframes on production processes, raw materials and process parameters to identify root causes and propose corrective measures;
- Quality Assurance — verify and assess the issue to ensure cause determination is accurate, corrective actions are feasible and traceable;
- Sales — manage external communications, present a clear remediation plan to the customer and continuously track implementation to ensure full resolution.

Once a remediation plan is agreed, Sales records the case in the system and the Quality Manager reviews and confirms the entry to ensure completeness and accuracy. Records are used as inputs for subsequent quality improvements and training to prevent recurrence.

For major or exceptional complaints (for example, batch quality issues or potential safety risks), the Group activates an emergency response mechanism led by management to convene a cross-functional task force, develop a coordinated response and manage external communications to control risk and protect customer relationships. Complaint handling is included in performance assessments; failure to follow procedures or incomplete information is subject to evaluation to strengthen accountability.

During the Reporting Period, the Group received five customer complaints; all were closed with a 100% resolution rate. Overall, quality-related complaints decreased notably from the prior year, reflecting the effectiveness of quality-improvement measures.

Digital Transformation

The Group continues to advance digital transformation as a key enabler of operational efficiency and sustainable development, building a digital management platform anchored by an enterprise resource-planning system and enabling cross-system collaboration to achieve production transparency, refined management and data-driven decision-making. Based on the ERP system, the Group is progressively implementing a digital ecosystem covering warehouse management, production execution, quality control and data analytics, and through system integration and data unification is digitising end-to-end business processes.

Around core production and management processes, the Group has been building a multi-system collaborative digital platform:

System/Module	Role	Main functions and application scenarios
ERP (Enterprise Resource Planning)	Unified business and data backbone	Integrates procurement, production, inventory and finance into a single system to standardise data definitions and business processes
WMS (Warehouse Management System)	Intelligent warehouse management	Uses barcode technology to systematise inbound, outbound, transfers and cycle counts, enabling location visualisation and real-time inventory updates
BI (Business Intelligence)	Group-level data cockpit	Integrates data from ERP, MES and WMS; management can view real-time KPIs such as order intake, delivery rates, production value and inventory turnover
PLM (Product Lifecycle Management)	R&D process and product data management	Establishes a unified R&D database for version control and collaborative maintenance of drawings, BOMs and process documents, shortening time-to-market

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System/Module	Role	Main functions and application scenarios
QMS (Quality Management System)	Quality data and process control	Digitalises incoming-material inspection and in-process controls with real-time entry and automated capture, replacing paper records and manual aggregation to improve data accuracy and traceability

UNITED IN CARE – VALUE CO-CREATION

Observance of Labour Standards

The Group strictly complies with the Labour Law of the People’s Republic of China, the Labour Contract Law of the People’s Republic of China and applicable laws and regulations in its operating jurisdictions, and continuously improves its labour-management framework. Through institutional measures and enforcement mechanisms, the Group safeguards employees’ legal rights and fosters a fair, regulated and diverse-inclusive employment environment.

The Group issues and implements an Employee Handbook that sets out employees’ rights on employment, remuneration, working hours, leave and benefits, and conducts policy communication to ensure employee awareness and understanding. The Group has established a series of specific management procedures, including a Moral Recruitment Policy and Procedures, an Anti-Discrimination Management Procedure, a Procedure on Prohibiting Harassment or Abuse of Labour, and a Remediation and Protection Procedure for Child and Young Workers, which expressly prohibit any form of forced labour, child labour or discrimination and ensure recruitment and employment processes are lawful, compliant and fair. By combining policy enforcement with daily supervision, the Group continuously strengthens labour-risk identification and prevention to ensure employees work in a safe, respectful and equitable environment.

The Group has established an employee union to ensure employees’ rights of association and collective bargaining, provide channels for employee representation and participation in corporate governance, and promote harmonious and stable labour relations. The Group adheres to principles of fairness, impartiality and competitively positioned remuneration. During the Reporting Period, the Group conducted collective wage negotiations and entered into a Collective Wage Negotiation Agreement to institutionalise measures that safeguard external competitiveness and internal equity of employee remuneration, thereby enhancing employees’ sense of gain and stability.

Talent Management

We place strong emphasis on talent development and career progression. By maintaining a robust recruitment framework, providing diversified development pathways and implementing systematic training programmes, we continuously enhance employee capability and organisational vitality to support sustainable business development.

Attracting Talent

We have established diversified recruitment channels. For managerial and functional roles, We source external talent through multiple channels while strengthening the internal referral mechanism to encourage employee participation in talent acquisition. We have also optimised the “Bo Le Award” incentive scheme to encourage employee referrals; leveraging employees’ understanding of corporate culture and role requirements improves recruitment fit and retention, creating a combined internal-and-external talent-acquisition model. For production roles, we operate a “Frontline Employee Referral Bonus” scheme that rewards staff with a cash incentive for each successful referral; to date, 675 employees have joined via internal referrals, significantly improving recruitment efficiency and workforce stability.

Employee Performance Management

The Group has established a systematic performance-management framework with clear promotion pathways and an annual pay-review mechanism. Through a closed-loop approach of “process assessment + result application + appeal protection”, we continuously enhance organisational efficiency and employee engagement, promoting mutual growth of employees and the Group.

For managerial personnel, we apply a combined monthly assessment and annual comprehensive appraisal model. Performance outcomes are directly linked to monthly performance bonuses, year-end bonuses, recognition awards and promotion opportunities, forming an integrated “assessment – reward – development” mechanism. Under the Performance Management Measures, employees with outstanding annual performance may be shortlisted for rotation, promotion and salary-adjustment candidacy and enrolled in the Group’s key talent development programmes, further reinforcing the linkage between performance orientation and talent development. The Group operates a multi-tier recognition system to select outstanding employees, exemplary managers and high-performing teams, covering different roles and grade bands to surface role models, foster a culture of continuous improvement and stimulate employee initiative and creativity.

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The Group places strong emphasis on fairness and procedural rigour in performance appraisal and has established a comprehensive performance-appeal mechanism. Employees who dispute the assessment process or results may raise an appeal with their line manager or the Human Resources Department, including procedural unfairness, suspected impropriety or lack of performance feedback. The Human Resources Department will investigate and respond within prescribed timeframes; unresolved matters will be escalated to the Performance Management Committee for further review and final determination, with outcomes communicated to the appellant. To safeguard fairness, if investigation confirms an employee's performance bonus was adversely affected by an unreasonable assessment, the Group will restore the entitlement in accordance with policy. By maintaining standardised appeal and correction procedures, the Group enhances the transparency and credibility of performance management.

Employee Incentive Mechanisms

The Group has established multi-tiered incentive mechanisms that combine remuneration, benefits and targeted rewards to continuously enhance employee engagement and organisational stability. We provide frontline staff with market-competitive pay and operate performance bonus schemes linked to output and quality to reinforce the principle of pay for performance; we also conduct regular external salary benchmarking to ensure competitiveness and strengthen attraction and retention.

We continually enhance our benefits system, providing frontline employees with accommodation support and meal subsidies and distributing festive benefits during major holidays to express sincere recognition and care for their efforts. We have also introduced an "On-return Bonus" and a re-entry subsidy policy; these incentives helped raise frontline production staff return-to-work rates to 93%, effectively ensuring post-holiday workforce stability.

On the other hand, the Group actively advances long-term incentive and equity-based reward schemes to enable employees to share in the Group's growth and to further stimulate motivation and creativity. We have established a "Ten-Year Contribution Award" to present honorary certificates and prizes to employees with ten years' service; during the Reporting Period, 11 employees received this honour, reflecting recognition and respect for long-serving staff.

In addition, the Group places strong emphasis on employees' role in continuous improvement and innovation, and has established diversified employee innovation incentive schemes to encourage proposals on production efficiency, quality enhancement and management optimisation, fostering a culture of full participation and continuous improvement.

- A dedicated product-and design-innovation reward scheme paid nearly RMB200,000 during the Reporting Period, sustaining employee innovation and driving product and technological advancement.
- The creativity-improvement scheme encourages proposals on quality control, cost optimisation and management enhancement. During the Reporting Period, 1,467 proposals were received. Three creativity-improvement recognition events were held during the Year, with 190 awardees, helping to build a positive innovation culture.

Career Fulfilment

Career development

The Group has established a dual-track career development system of "management + technical specialisation" to provide diversified growth pathways. Employees may choose a managerial track or a professional-technical track according to their interests, capabilities and career plans, avoiding development bottlenecks associated with a single promotion route. The Group provides career guidance tailored to employee characteristics and multiple support measures to help employees realise personal value in tandem with the Group's development:

- Mentor-partner scheme: New hires and graduates are assigned dual mentors (a business mentor and a partner mentor) to provide work guidance and practical support during the probation period, facilitating rapid integration and improving retention.
- Targeted talent development programmes: The "New Pillars" production-management training programme is delivered under senior-management mentorship to systematically develop management trainees with clear progression plans, aiming to cultivate workshop-supervisor or plant-manager calibre leaders within three to five years.
- Skills-upgrading support: Employees are encouraged to participate in professional skills training and certification; training costs are reimbursed for employees who pass assessments, and the Group assists in applying for eligible government and company co-subsidies to enhance professional capability and income.

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Training and Development

The Group adheres to principles of fairness and impartiality in employee development and ensures development opportunities across roles. Through skills training, promotion pathways and recognition mechanisms, we provide diversified career development routes.

The Group delivers systematic training focused on three pillars: skills enhancement, managerial capability and safety and compliance. For frontline roles, we conduct ongoing skills training and competitions — for example welders, sewing operators and cutters — using a “learn through competition” approach to raise technical proficiency. For frontline supervisors, we provide team-leader management training and execution-capability courses to strengthen production management and organisational coordination. The Group also runs regular training on quality management, lean manufacturing (for example TPM and SMED), equipment maintenance, operational safety and shop-floor management to continuously improve employees’ overall capability and job fit.

During the Reporting Period, the Group delivered a total of 1,726.1 training hours, equivalent to approximately 1.72 hours per employee on average.

Inclusive Working Environment

We adhere to a people-centred development philosophy, regard employees as the core driver of sustainable development, and integrate employee protection, career development and social responsibility into a multidimensional social-value management system. Focusing on employee rights protection, occupational health and safety, talent development and social collaboration, the Group continuously improves institutional arrangements and practical mechanisms to enhance employees’ sense of gain, wellbeing and security. We also promote alignment between corporate development and social responsibility through staff care, capability building and industry engagement, fostering organisational vitality and social value and pursuing long-term, shared benefits for the Group, employees and society.

The Group has established a multi-layered welfare framework covering statutory and supplementary benefits. In accordance with law, the Group provides all employees with social insurance, housing provident-fund contributions and paid annual leave as basic protections, and offers differentiated benefits such as housing allowances, rental subsidies, high-temperature allowances and mobile-phone subsidies according to role and career stage to improve living standards and job satisfaction.

Diversity

The Group upholds principles of diversity and equal opportunity and is committed to providing a work environment free from unfair treatment on the basis of protected characteristics such as gender, age, ethnicity, religion, marital status or disability. In recruitment, appointment, training, promotion, remuneration and termination, the Group bases decisions on job requirements and employee competence, and opposes any form of discrimination or unjust treatment.

We set out diversity and anti-discrimination requirements in the Employee Handbook and related policies and, through fair recruitment and development mechanisms, provide employees of different backgrounds with equal development opportunities and foster an open and inclusive organisational environment. Through equal recruitment and development practices, the Group offers equitable career pathways to employees from diverse backgrounds and seeks to build collaborative, diverse teams; employee composition is evenly distributed by gender and age groups.

Communication and Feedback Mechanisms

The Group places high importance on channels for employee expression and participation and is committed to building a transparent, efficient two-way communication system that safeguards employees’ rights to be informed, to participate and to express views, thereby fostering an open, inclusive and actively engaged organisational culture.

The Group has established key employee-participation channels through the staff-representative congress and trade-union meetings. During the Reporting Period, the Group convened a staff-representative congress with 64 representatives democratically elected from each department. The congress reviewed and voted to approve the draft revisions to the Performance Management System and the Rewards and Penalties Regulation, ensuring the drafting process was open and transparent and that employee views were duly reflected. In addition, the Group convened trade-union representative meetings to discuss the implementation plan for irregular-hours work arrangements, conducting thorough consultations on job scope, remuneration and rest-and-leave matters and reaching consensus, thereby enabling employees to exercise their rights of participation and consultation in labour-policy arrangements.

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The Group conducts regular employee-satisfaction surveys to monitor staff perceptions of the working environment, remuneration and team climate. During the Reporting Period, the Group carried out a frontline employee satisfaction survey at the Deqing factory, collecting 782 valid questionnaires. Based on the survey findings, the Group implemented improvement measures addressing key employee concerns; employee satisfaction increased by approximately 7% year-on-year, showing a steady upward trend and indicating the effectiveness of the feedback mechanisms.

The Group has established multi-tiered employee feedback channels to ensure employees “have channels to express and mechanisms for response”. Dedicated channels for suggestions and appeals are provided (for example suggestion boxes) to encourage employee participation in corporate management and operational optimisation, while preserving confidentiality and promoting awareness of rights and procedures through policy communication and training. During the Reporting Period, we received 60 employee rationalisation suggestions, of which 20 were adopted and five priority improvement measures were implemented, yielding positive results in process optimisation, workplace improvements and employee benefits and enhancing operational efficiency and staff satisfaction. The Group has also introduced a workshop-level political commissar mechanism to engage the production frontline, holding regular employee-representative forums and departmental meetings to proactively gather employee concerns and shift communication from passive response to active listening, thereby improving vertical communication.

Employee Care Activities

The Group places great emphasis on fostering a positive and progressive corporate culture, and enhances team cohesion and employee engagement through a wide range of staff activities. During the Reporting Period, the Group organised multi-level and diversified employee care and cultural activities tailored to different employee groups and key festive occasions. For example, in terms of employee care, the Group organised International Women’s Day care Activities to enhance the sense of participation and well-being of female employees through interactive and engaging formats. In creating a festive atmosphere, the Group arranged Mid-Autumn garden parties, Christmas and New Year celebrations, as well as employee birthday gatherings, covering multiple periods throughout the year. These collective celebrations and interactive exchanges effectively strengthened team cohesion. The Group also maintained ongoing employee birthday care initiatives and the distribution of festive benefits, ensuring continuous and comprehensive care for employees. In addition, the Group further enriched employees’ cultural lives and strengthened cross-departmental collaboration and team identity through themed team-building activities organised by the Product Innovation Centre and distinctive events such as the “Plum Blossom Season” fruit-picking activity. During the Reporting Period, the Group organised a total of 35 employee care activities throughout the year, including birthday gatherings, festive greetings and team-building activities, with approximately 5,000 cumulative employee participations.

Occupational Health and Safety

The Group attaches great importance to the occupational health and safety management of its employees. It strictly complies with the Work Safety Law of the People’s Republic of China, the Fire Protection Law of the People’s Republic of China, the Prevention and Control of Occupational Diseases Law of the People’s Republic of China, as well as other applicable laws and regulations relating to work safety and occupational health in the places where it operates. The Group continues to improve its occupational health and safety management system and is committed to providing employees with a safe, hygienic and healthy working environment.

The Group has continuously increased its investment in occupational health and safety. Through equipment upgrades, enhancement of protective measures and third-party inspections, it has comprehensively improved the safety level of the production environment. New employees are required to pass occupational health examinations prior to onboarding to ensure that they are in good health before assuming their positions. The Group engages third-party testing institutions to conduct comprehensive inspections of occupational hazard factors in the production environment, ensuring compliance with relevant standards and that the production environment remains safe and controllable. During the Reporting period, the Group invested approximately RMB150,000 in occupational health and safety optimisation. Based on the characteristics of different job roles, employees are provided with differentiated labour protection equipment, including protective gloves, earplugs and masks, thereby strengthening safety protection for frontline positions.

In the past three years, the Group has not recorded any work-related fatalities, and the overall work safety situation has remained stable.

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The Group has established a comprehensive safety education and training system covering all employees, which is coordinated and implemented by the Lean Technology Department. The system focuses on strengthening safety awareness and operational standards training for new employees. Regular special inspections and training are conducted on chemical management and hazardous operations management, with potential risks in the production process being identified and controlled. During the Reporting Period, the Group conducted a total of 32 safety training sessions, covering approximately 1,700 employee attendances, thereby achieving full coverage of safety education. Training topics included fire drills, equipment operation procedures, safety management of hazardous operations and emergency response, enhancing employees' safety awareness and emergency response capabilities.



Safety Training for New Employees



Post-training Assessment Following Drills and Training

Community Contribution

The Group actively fulfils corporate social responsibility by integrating employment promotion, employee welfare and social philanthropy, and continually explores ways to align corporate development with social value through diversified initiatives that support regional economic development and social wellbeing.

The Group continuously improves employee assistance and internal charitable mechanisms, attending to the needs of employees and their families. Through the trade union, the Group administers hardship-assistance applications to support eligible employees, and, via the "Dream-Care Fund", runs education-support programmes for employees and their children. During the Reporting Period, the Group provided assistance to 12 graduates and one employee in hardship, with total disbursements of RMB28,200, helping to ease living pressures and strengthen employee belonging and organisational cohesion.

While focusing on core business development, the Group leverages its manufacturing and labour characteristics to contribute to industrial collaboration, employment promotion and skills enhancement where practicable. Through day-to-day cooperation with upstream small and medium-sized suppliers, we share requirements and experience in quality management, process standardisation and energy-saving and emission-reduction measures to help suppliers improve production management and resource-use efficiency and to promote a more orderly and standardised supply chain.

The Group provides relatively stable employment for surrounding communities and, by entering into labour contracts and ensuring participation in social insurance, safeguards labour rights while helping families secure a sustained income. The Group places emphasis on skills development for frontline staff, delivering pre-employment induction and on-the-job training for migrant workers and new hires, and supporting internal or external skills-level certification. Eligible employees are assisted to progress from general operator roles to skilled positions, with corresponding adjustments to duties and remuneration as skills advance, thereby supporting their long-term career development.

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APPENDIX

Environmental Performance

		2025	2024
Air Pollutants			
Nitrogen oxides (NO _x)	kg	72.17	41.58
Sulphur oxides (SO _x)	kg	0.06	0.04
Particulate matter (PM)	kg	6.68	3.45
GHG Emissions^{1,2}			
Scope 1 GHG emissions (direct)	tCO ₂ e	69.54	63.32
Scope 2 GHG emissions (indirect)	tCO ₂ e	863.88	713.68
Total Scope 1 and Scope 2 GHG emissions	tCO ₂ e	933.42	777.00
Total Scope 1 and Scope 2 emission intensity	tCO ₂ e/RMB million revenue	1.41	1.35
Energy Consumption^{1,2}			
Electricity (grid)	kWh	1,593,013	1,309,521
Electricity (renewable)	kWh	1,549,961	1,263,787
Diesel	kWh	42,186	23,783
Natural gas	kWh	53,552	58,740
Steam	kWh	169,338	171,342
Total energy consumption	MWh	3,408.05	2,827.17
Electricity intensity	kWh/RMB million revenue	4,744.32	3,884.41
Diesel intensity	kWh/RMB million revenue	63.68	41.47
Natural-gas intensity	kWh/RMB million revenue	80.84	102.43
Steam intensity	kWh/RMB million revenue	255.62	298.78
Total energy intensity	MWh/RMB million revenue	5.14	4.93
Non-Hazardous Waste^{1,2,3}			
Non-hazardous waste	t	1,496	732
Non-hazardous waste intensity	t/RMB million revenue	2.26	1.28
Hazardous Waste			
Hazardous waste	t	26	41
Hazardous waste intensity	t/RMB million revenue	0.04	0.07
Water^{1,2}			
Water	t	45,056	36,330
Water intensity	t/RMB million revenue	68.01	63.35
Packaging²			
Packaging material	t	7,038	6,181
Packaging material intensity	t/RMB million revenue	10.62	10.78

Notes:

1. During the Year new production space at the production site was commissioned. Although capacity has not been fully ramped up, related environmental performance have been included in the statistics, contributing to increases in the reported consumption.
2. Because data collection is aligned with production processes, there are timing differences between the statistical scope and finished-goods recognition and revenue recognition.
3. The Group progressively established and improved the non-hazardous-waste statistics system in late 2024; consequently, 2024 data covers only partial operations and scenarios. The statistical scope and management boundary were completed in this Year.

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Social Performance

	2025	2024
Total number of employees	1,002	901
By gender		
Male	533	466
Female	469	435
By position		
Board and senior management	6	6
Middle management	25	24
General employees	971	871
By age		
30 or below	267	256
31–50	616	543
51 or above	119	102
By employment type		
Full-time	943	845
Rehired retirees	55	53
Interns	4	3
By location		
Hangzhou, Zhejiang	77	72
Huzhou, Zhejiang	910	817
Overseas (United Kingdom)	15	12
Employee turnover rate¹	28.84%	24.60%
By gender		
Male	29.58%	25.89%
Female	28.02%	23.17%
By age		
30 or below	36.38%	36.01%
31–50	25.51%	19.35%
51 or above	20.45%	12.62%
By location		
Hangzhou, Zhejiang	13.73%	5.48%
Huzhou, Zhejiang	30.15%	25.59%
Overseas (United Kingdom)	13.33%	17.65%
Work-related injuries		
Number of work-related fatalities	0	0
Work-related fatality rate	0.00%	0.00%
Lost days due to work-related injury	366	303

Environmental, Social and Governance Report

	2025	2024
Percentage of employees trained	92.91%	92.23%
By gender		
Male	96.06%	86.91%
Female	89.34%	97.93%
By position		
General employees	92.79%	92.31%
Middle management	100.00%	100.00%
Board and senior management	83.33%	50.00%
Average training hours	1.72	1.77
By gender		
Male	1.80	1.61
Female	1.63	1.94
By position		
General employees	1.70	1.72
Middle management	2.65	3.42
Board and senior management	1.58	2.17
Total number of suppliers	552	389
Regional distribution		
North China	8	4
East China	468	335
Central China	7	2
South China	63	43
Southwest China	1	0
Overseas	5	5
Percentage of total products sold or shipped subject to recalls for safety and health reasons		
Products subject to recall	0	0
Number of products and service related complaints received		
Number of complaints	5	11
Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees		
Number of cases	0	0

Note:

- The calculation method for employee turnover rate is: number of resignations during the period/(number of employees at the beginning of the period + total number of new hires during the period).

Independent Auditor's Report



Independent auditor's report to the shareholders of Ridge Outdoor International Limited

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Ridge Outdoor International Limited ("**the Company**") and its subsidiaries ("**the Group**") set out on pages 95 to 157, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter.

KEY AUDIT MATTERS (Continued)

Revenue recognition

Refer to Note 4 to the consolidated financial statements and the accounting policies in Note 2t(ii).

The Key Audit Matter

The principal activities of the Group are the manufacturing and sales of fishing-related equipment. The Group recognised revenue from the sales of fishing-related equipment of RMB661,661 thousand for the year ended 31 December 2025.

The Group enters into sales contracts with customers for the sales of fishing-related equipment.

Revenue is recognised when the control of goods is transferred to customers, which occurs when the goods leave the Group's warehouses, are delivered at the customers' premises, or are loaded on board a vessel for shipping, in accordance with the relevant terms in the sales contracts with customers.

We identified the revenue recognition as a key audit matter, because revenue is one of the key performance indicators of the Group and therefore there is an inherent risk of manipulation of the timing of revenue recognition to meet specific targets or expectations.

How the matter was addressed in our audit

Our audit procedures to assess the revenue recognition included the following:

- obtaining an understanding of and evaluating the design, implementation and operating effectiveness of key internal controls over revenue recognition;
- inspecting sales contracts, on a sample basis, to understand the contract terms and assessing the Group's revenue recognition policies with reference to the requirements of prevailing accounting standards;
- comparing revenue transactions recorded during the financial reporting period, on a sample basis, with relevant underlying documents, which included invoices, sales contracts, customer acceptance notes, customs declaration forms, and bills of lading, to assess whether the related revenue had been recognised in accordance with the Group's revenue recognition policies;
- comparing, on a sample basis, revenue transactions recorded around the end of the financial reporting period with relevant underlying documents, to assess whether the revenue had been recognised in the appropriate financial reporting period;
- obtaining external confirmations, on a sample basis, of the amount of revenue transactions with customers for the financial reporting period; and
- inspecting journal entries relating to revenue which met specific risk-based criteria, enquiring of management the reasons for such entries and comparing the details of the entries with relevant underlying documents.

Independent Auditor's Report

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 judgement and maintain professional scepticism throughout the audit. We also:

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

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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

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

The engagement partner on the audit resulting in this independent auditor's report is Yue Tat Wai (practising certificate number: P06438).

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

26 March 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025
(Expressed in RMB)

	Note	2025 RMB'000	2024 RMB'000
Revenue	4	662,471	573,463
Cost of sales		(476,270)	(420,783)
Gross profit		186,201	152,680
Other net income/(loss)	5	2,006	(1,038)
Selling and distribution expenses		(23,047)	(16,939)
Administrative expenses		(56,532)	(51,215)
Research and development costs		(5,314)	(3,538)
Impairment loss on trade receivables		(157)	(123)
Profit from operations		103,157	79,827
Finance costs	6(a)	(5,148)	(822)
Profit before taxation	6	98,009	79,005
Income tax	7(a)	(24,138)	(19,600)
Profit for the year		73,871	59,405
Attributable to:			
Equity shareholders of the Company		73,871	55,741
Non-controlling interests		—	3,664
Profit for the year		73,871	59,405

The notes on pages 101 to 157 form part of these financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025
(Expressed in RMB)

	Note	2025 RMB'000	2024 RMB'000
Profit for the year		73,871	59,405
Other comprehensive income for the year (after tax and reclassification adjustments)			
Item that will not be reclassified to profit or loss:			
Exchange differences on translation of financial statements of the Company		56	(12)
Item that is or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		(196)	(31)
Other comprehensive income for the year, net of income tax		(140)	(43)
Total comprehensive income for the year		73,731	59,362
Profit attributable to:			
Equity shareholders of the Company		73,871	55,741
Non-controlling interests		—	3,664
Total profit for the year		73,871	59,405
Total comprehensive income attributable to:			
Equity shareholders of the Company		73,731	55,698
Non-controlling interests		—	3,664
Total comprehensive income for the year		73,731	59,362
Earnings per share			
Basic and diluted earnings per share (RMB)	10	0.74	0.56

The notes on pages 101 to 157 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2025
(Expressed in RMB)

		31 December 2025	31 December 2024
	<i>Note</i>	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment	11	36,637	37,521
Right-of-use assets	12	1,840	4,242
Intangible assets	13	921	413
Prepayments for property, plant and equipment		17	510
Deferred tax assets	23	7,952	8,507
		47,367	51,193
Current assets			
Inventories	15	123,238	122,035
Trade and other receivables	16	116,777	101,433
Cash and cash equivalents	17	55,707	65,673
		295,722	289,141
Current liabilities			
Trade and other payables	18	101,339	266,274
Contract liabilities	19	8,933	12,441
Bank loans	20	200,143	100,092
Lease liabilities	21	466	2,506
Current taxation	23	2,903	3,032
		313,784	384,345
Net current liabilities		(18,062)	(95,204)
Total assets less current liabilities		29,305	(44,011)

The notes on pages 101 to 157 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2025
(Expressed in RMB)

	<i>Note</i>	31 December 2025 RMB'000	31 December 2024 RMB'000
Non-current liabilities			
Lease liabilities	21	879	1,294
		879	1,294
NET ASSETS/(LIABILITIES)		28,426	(45,305)
CAPITAL AND RESERVES			
Share capital	24(a)	356	356
Reserves	24(e)	28,070	(45,661)
Total equity attributable to equity shareholders of the Company		28,426	(45,305)
Non-controlling interests		—	—
TOTAL EQUITY/(DEFICIT)		28,426	(45,305)

Approved and authorised for issue by the board of directors on 26 March 2026.

Lei Yang)	
)	
)	Directors
Wu Guihua)	
)	

The notes on pages 101 to 157 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025
(Expressed in RMB)

		Attributable to equity shareholders of the Company								
	Note	Share capital	Capital reserve	Statutory reserve	Exchange reserve	Net parent investment	Retained profits	Sub-total	Non-controlling interests	Total equity/ (deficit)
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Note 24(a))	(Note 24(e)(i))	(Note 24(e)(ii))	(Note 24(e)(iii))	(Note 24(c))			(Note 24(e)(iv))	
Balance at 1 January 2024		—	75,746	4,595	83	18,791	33,498	132,713	4,273	136,986
Changes in equity for 2024:										
Profit for the year		—	—	—	—	(427)	56,168	55,741	3,664	59,405
Other comprehensive income		—	—	—	(43)	—	—	(43)	—	(43)
Total comprehensive income		—	—	—	(43)	(427)	56,168	55,698	3,664	59,362
Issuance of new shares	24(a)	356	—	—	—	—	—	356	—	356
Profit appropriation to statutory reserve		—	—	5,429	—	—	(5,429)	—	—	—
Deemed distribution	24(c)	—	—	—	—	(18,364)	—	(18,364)	(1,162)	(19,526)
Dividends declared and paid	24(d)	—	—	—	—	—	(61,133)	(61,133)	(3,867)	(65,000)
Deemed distribution arising from the Reorganisation	24(e)(i)	—	(155,928)	—	—	—	—	(155,928)	(2,908)	(158,836)
Capital contributions under equity settled share-based transactions	22	—	1,353	—	—	—	—	1,353	—	1,353
Balance at 31 December 2024 and 1 January 2025		356	(78,829)	10,024	40	—	23,104	(45,305)	—	(45,305)
Changes in equity for 2025:										
Profit for the year		—	—	—	—	—	73,871	73,871	—	73,871
Other comprehensive income		—	—	—	(140)	—	—	(140)	—	(140)
Total comprehensive income		—	—	—	(140)	—	73,871	73,731	—	73,731
Profit appropriation to statutory reserve		—	—	7,242	—	—	(7,242)	—	—	—
Balance at 31 December 2025		356	(78,829)	17,266	(100)	—	89,733	28,426	—	28,426

The notes on pages 101 to 157 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2025
(Expressed in RMB)

	Note	2025 RMB'000	2024 RMB'000
Operating activities:			
Cash generated from operations	17(b)	82,183	73,211
Income tax paid		(23,712)	(25,586)
Net cash generated from operating activities		58,471	47,625
Investing activities			
Payment for the purchase of property, plant and equipment and intangible assets		(4,084)	(2,273)
Advance payments to related party		—	(1,089)
Receipts of advance payments to related party		1,089	—
Proceeds from sale of property, plant and equipment		18	68
Payment for the settlement of derivative financial instruments		—	(5,398)
Interest received		2,488	152
Net cash used in investing activities		(489)	(8,540)
Financing activities			
Capital contributions from shareholders		—	356
Proceeds from bank loans	17(c)	200,000	100,000
Proceeds from borrowings from related parties	17(c)	—	168,330
Capital element of lease rentals paid	17(c)	(2,522)	(3,408)
Interest element of lease rentals paid	17(c)	(116)	(249)
Repayment of bank loans	17(c)	(100,000)	(85)
Repayment of borrowings from related parties	17(c)	(156,090)	(17,874)
Payment of listing expenses		(2,762)	(2,735)
Interest paid	17(c)	(4,981)	(481)
Dividends paid		—	(65,000)
Deemed distribution	1	—	(20,216)
Payment arising from the Reorganisation		—	(158,836)
Net cash used in financing activities		(66,471)	(198)
Net (decrease)/increase in cash and cash equivalents		(8,489)	38,887
Cash and cash equivalents at 1 January	17(a)	65,673	26,644
Effect of foreign exchange rate changes		(1,477)	142
Cash and cash equivalents at 31 December	17(a)	55,707	65,673

The notes on pages 101 to 157 form part of these financial statements.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

1 GENERAL INFORMATION

Ridge Outdoor International Limited (the “**Company**”) was incorporated in Cayman Islands on 17 July 2024 as an exempted company with limited liability under the Companies Act (Cap. 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Floor 4, Willow House, Cricket Square, Grand Cayman KY1-9010, Cayman Islands.

The Company is an investment holding company and has not carried on any business since the date of its incorporation save for the corporate reorganisation as described below. The Company and its subsidiaries (together the “**Group**”) are principally engaged in the manufacturing and sales of fishing-related equipment (the “**Listing Businesses**”).

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 10 February 2026.

(a) Reorganisation

Before the completion of the reorganisation described below, the Listing Businesses were conducted through the fishing-related equipment division of Zhejiang Topsun Holding Group Co. Ltd. and its subsidiaries (together the “**Topsun Group**”) and various entities which are controlled by Mr. Yang Baoqing (the “**Ultimate Controlling Shareholder**”). To rationalise the corporate structure in preparation of the listing of the Company’s shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the Group underwent a reorganisation (the “**Reorganisation**”). Upon completion of the Reorganisation in November 2024, the Company became the holding company of the Group. As the Listing Businesses were ultimately controlled by the Ultimate Controlling Shareholder both before and after the Reorganisation, and the control is not transitory, consequently there was a continuation of the risks and benefits to the Ultimate Controlling Shareholder. The Reorganisation is therefore treated as a combination of businesses under common control.

Accordingly, the consolidated financial statements have been prepared and presented using the merger basis of accounting as if current structure of the Group had been in existence and remained unchanged both before and after the Reorganisation. The consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement of the Group include the financial performance and cash flows of the Listing Businesses for the year ended 31 December 2024 as if the current group structure had been in existence and remained unchanged before and after the Reorganisation. The assets and liabilities of the Listing Businesses have been measured at their carrying amounts prior to the Reorganisation. Intra-group balances, transactions and unrealised gains/losses on intra-group transactions were eliminated when preparing the consolidated financial statements.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new or amended IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the certain assets and liabilities are stated at their fair value as explained in the accounting policies as set out in Notes 2(f) and 2(e).

The consolidated financial statements are presented in RMB and all values are rounded to the nearest thousand yuan (RMB'000) except when otherwise indicated.

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

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

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

(c) Changes in accounting policies

The Group has applied amendments to IAS 21, the effects of changes in foreign exchange rates — Lack of exchangeability issued by the IASB to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests (“**NCI**”) either at fair value or at the NCI’s proportionate share of the subsidiary’s net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group is presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company.

Changes in the Group’s interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company’s statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(j)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(e) Other investments in securities

The Group’s policies for investments, other than investments in subsidiaries, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 25(e). These investments are subsequently accounted for as follows, depending on their classification.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(e) Other investments in securities (Continued)

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see Note 2(t)(ii)(b)).
- fair value through other comprehensive income (“**FVOCI**”)-recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(f) Derivative financial instruments

The Group holds derivative financial instruments to manage its foreign currency risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequently, they are measured at fair value with changes therein recognised in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses (see Note 2(j)(ii)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(g) Property, plant and equipment (Continued)

The estimated useful lives for the current and comparative periods are as follows:

— Plant and buildings	13 years
— Equipment and machinery	5–10 years
— Office equipment and furniture	4–5 years
— Motor vehicles	5 years
— Leasehold improvements	4 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(h) Intangible assets

Expenditure on research activities is recognised in profit or loss as incurred.

Expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(j)(ii)).

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

— Patents	5 years
— Software	2–10 years

Amortisation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(i) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(i) Leased assets (Continued)

(i) As a lessee (Continued)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(j)(ii)). Depreciation is calculated using the straight-line method over the unexpired term of lease.

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see Notes 2(e)(i), 2(m) and 2(t)(ii)(b)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the public health incidents and which satisfied the conditions set out in paragraph 46B of IFRS 16, Leases. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of IFRS 16 and recognised the change in consideration as if it were not a lease modification.

In the consolidated statements of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(i) Leased assets (Continued)

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying asset to the lessee. If this is not the case, the lease is classified as an operating lease.

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. The rental income from operating leases is recognised in accordance with Note 2(t)(ii)(a).

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses (“ECL”)s on:

- financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables);

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof; and
- variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(j) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Measurement of ECLs (Continued)

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is 90 days past due.

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

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(j) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

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

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

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("**CGU**"s).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(j) Credit losses and impairment of assets (Continued)

(ii) Impairment of other non-current assets (Continued)

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Inventories

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

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(t)(i)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 2(m)).

(m) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. All receivables are subsequently stated at amortised cost (see Note 2(j)(i)).

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in Note 2(j)(i).

(o) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(p) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Note 2(v).

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(q) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Share-based payments

The grant-date fair value of equity-settled share-based payment arrangement granted to the employees by the shareholder of the Company is immediately recognised as an employee cost, with a corresponding increase in the capital reserve, if the employee is not required to satisfy a specified vesting condition before becoming unconditionally entitled to the equity instruments granted; or over the vesting period of the awards (if any). For the share-based payment arrangement which is settled by the shareholder of the Company clearly for a purpose other than a payment for the goods or services supplied to the Group, it is not recognised as the share-based payment expenses by the Group.

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises costs for a restructuring.

(r) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income ("OCI").

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(r) **Income tax** *(Continued)*

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

(s) **Provisions and contingent liabilities**

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see Note 2(j)(ii)).

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(t) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods and the provision of services in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

The Group is the principal for its revenue transactions and recognises revenue on a gross basis, including the sale of products that are sourced externally. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognised when the control of a product or service is transferred to customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value-added tax or other sales taxes.

Further details of the Group's revenue and other income recognition policies are as follows:

(a) Sale of goods

Revenue is recognised when the control of goods is transferred to customers, which occurs when the goods leave the Group's warehouses, are delivered at the customers' premises, or are loaded on board a vessel for shipping, in accordance with the relevant terms in the sales contracts with customers.

(b) Service income

Service income is recognised in profit or loss when services are rendered.

(ii) Revenue from other sources and other income

(a) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable.

(b) Interest income

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(t) Revenue and other income (Continued)

(ii) Revenue from other sources and other income (Continued)

(c) Government grants

Government grants are recognised in the statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

(u) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions. Foreign currency differences arose from translation of foreign operations are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattribute to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(w) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (v) The entity is controlled or jointly controlled by a person identified in (a).
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Significant sources of estimation uncertainty in the process of applying the Group's accounting policies are as follows:

(i) Income tax

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The management carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of these transactions is reconsidered periodically to take into account changes in tax legislations. Deferred tax assets are recognised for deductible temporary differences and cumulative tax losses to the extent that it is probable that future taxable profits will be available against which they can be used. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and requires a significant level of judgement exercised by the management.

(ii) Net realisable value of inventories

As described in Note 2(k), net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated distribution expenses. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to changes in market conditions.

Management reassesses these estimations at each reporting date to ensure inventory is shown at the lower of cost and net realisable value.

(iii) Impairment of trade and other receivables

The Group's management determines the loss allowance for expected credit losses on trade and other receivables based on an assessment of the present value of all expected cash shortfalls. These estimates are based on the information about past events, current conditions and forecasts of future economic conditions. The Group's management reassesses the loss allowance at each reporting period end.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the manufacturing and sale of fishing-related equipment.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Recognised at a point in time		
Disaggregated by major products		
– Chairs, bedchairs and other accessories	324,529	290,743
– Bags	180,114	144,000
– Tents	152,841	131,054
– Others	4,177	6,735
	661,661	572,532
Revenue from other sources		
– Rental income	810	931
	662,471	573,463

(ii) Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the year ended 31 December 2025 is set out below:

	2025 RMB'000	2024 RMB'000
Company A	103,092	88,414
Company B	81,266	83,671
Topsun Group	67,639	61,981

Details of concentrations of credit risk of the Group are set out in Note 25(a).

(iii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 December 2025 and 2024, the remaining performance obligations (unsatisfied or partially unsatisfied) for contracts with customers are part of contracts that have original expected duration of one year or less. The Group has elected the practical expedient and not disclosed the transaction price allocated to the performance obligations (unsatisfied or partially unsatisfied) as at the end of each reporting period.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting

IFRS 8, Operating Segments, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. The Group manages its businesses as a whole by the most senior executive management for the purposes of resource allocation and performance assessment. The Group's chief operating decision maker is the chief executive officer of the Group who reviews the Group's consolidated results of operations in assessing performance of and making decisions about allocations to this segment. On this basis, the Group has determined that it only has one operating segment.

(c) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, right-of-use assets and intangible assets ("**specified non-current assets**"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment and the location of the operation to which they are allocated, in the case of intangible assets.

(i) Revenue from external customers

	2025 RMB'000	2024 RMB'000
Europe	507,272	420,435
North America	44,707	49,959
Chinese Mainland	91,686	87,446
Others	18,806	15,623
	662,471	573,463

The analysis above includes property rental income from customers in Chinese Mainland of RMB810,000 for the year ended 31 December 2025 (2024: RMB931,000).

(ii) Specified non-current assets

	2025 RMB'000	2024 RMB'000
Chinese Mainland	35,924	39,943
Overseas	3,474	2,233
	39,398	42,176

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

5 OTHER NET INCOME/(LOSS)

	2025 RMB'000	2024 RMB'000
Net realised and unrealised loss on derivative financial instruments	—	(3,375)
Net foreign exchange (loss)/gain	(384)	1,963
Interest income	2,488	152
Net loss on disposal of property, plant and equipment	(12)	(28)
Government grants (<i>Note (i)</i>)	—	249
Others	(86)	1
	2,006	(1,038)

Note:

- (i) Government grants primarily comprise subsidies received from the government for the encouragement of business development.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	2025 RMB'000	2024 RMB'000
Interest on bank loans	5,032	573
Interest on lease liabilities	116	249
	5,148	822

(b) Staff costs

	2025 RMB'000	2024 RMB'000
Salaries, wages and other benefits	122,549	103,712
Contributions to defined contribution retirement plans (<i>Note(i) and (ii)</i>)	8,102	4,922
Equity-settled share-based payment expenses (<i>Note 22</i>)	—	1,353
	130,651	109,987

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

6 PROFIT BEFORE TAXATION (Continued)

(b) Staff costs (Continued)

Notes:

- (i) The employees of the subsidiaries of the Group established in Chinese Mainland participate in a defined contribution scheme managed by the local municipal governments, whereby these companies are required to contribute to the scheme at certain rates of the employees' salaries as agreed by the local municipal governments. Employees of these companies are entitled to benefits, calculated based on a percentage of the average salaries level in Chinese Mainland, from the above mentioned retirement scheme at their normal retirement age.
- (ii) The employees of the subsidiary of the Group established in the United Kingdom ("UK") participate in a defined contribution scheme under the UK regulations. In accordance with the UK regulations, the subsidiary is required to contribute to the scheme at rates based on employees' salaries. Employees of the subsidiary in the UK are entitled to benefits from the scheme upon reaching the statutory retirement age.

The Group has no further obligation for payment of other retirement benefits beyond the above contributions.

(c) Other items

	Note	2025 RMB'000	2024 RMB'000
Cost of inventories sold (Note (i))	15(b)	475,930	420,343
Depreciation charges:			
— owned property, plant and equipment	11	4,322	4,235
— right-of-use assets	12	2,468	3,522
Expense relating to short-term leases	12	3,411	1,090
Research and development expenses (Note (ii))		5,314	3,538
Amortisation cost of intangible assets	13	656	35
Listing expenses		10,839	13,400
Auditor's remuneration			
— Audit services		1,700	—
— Other services (Note (iii))		2,191	2,273
Provision of impairment loss on trade receivables	25(a)	157	123

Notes:

- (i) Cost of inventories includes RMB85,420,000 (2024: RMB73,100,000) relating to staff costs, depreciation and amortisation expenses which are also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.
- (ii) Research and development expenses include staff costs of RMB3,844,000 for the year ended 31 December 2025 (2024: RMB2,496,000), which are also included in the total amounts of staff costs disclosed Note 6(b).
- (iii) Expenses of other services include listing expenses of RMB2,921,000 for the year ended 31 December 2025 (2024: RMB3,030,000), which is also included in the listing expenses disclosed separately above.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2025 RMB'000	2024 RMB'000
Current tax:		
Provision for the year	23,583	18,682
Deferred tax:		
Origination and reversal of temporary differences	555	918
	24,138	19,600

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

	2025 RMB'000	2024 RMB'000
Profit before taxation	98,009	79,005
Notional tax on profit before taxation calculated at the rates applicable to profits in the jurisdiction concerned (<i>Note (i)</i>)	24,789	19,920
Tax effect of additional deduction on research and development expenses (<i>Note (ii)</i>)	(1,329)	(884)
Tax effect of non-deductible expenses	1,137	369
Tax effect of utilisation of the tax losses not recognised as deferred tax assets in previous years	(883)	(21)
Tax effect of deductible temporary differences and tax losses not recognised and others	424	216
Actual tax expense	24,138	19,600

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

The applicable profit tax rate of the Group's subsidiary incorporated in Hong Kong was 16.5% during the reporting period. A two-tiered profits tax rates regime was introduced in 2018 whereby the first HKD2 million in assessable profits earned by a company will be taxed at half of the current tax rate (8.25%) while the remaining profits will continue to be taxed at 16.5%. The subsidiary of the Group incorporated in Hong Kong did not have any assessable profits for the year ended 31 December 2025 and 2024.

The subsidiaries of the Group incorporated in Chinese Mainland are subject to the PRC Corporate Income Tax ("CIT") at a statutory rate of 25%.

The subsidiary of the Group incorporated in the United Kingdom is liable to UK Corporation Tax at Small Profit Rate of 19% for the year ended 31 December 2024 and is liable to UK Corporation Tax of 25% for the year ended 31 December 2025.

- (ii) Under the PRC CIT Law and its relevant regulations, 100% additional tax deduction is allowed for qualified research and development costs for the year ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

8 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Year ended 31 December 2025

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Sub-total RMB'000	Total RMB'000
Executive directors						
Lei Yang	—	772	176	—	948	948
Wu Guihua	—	568	200	10	778	778
Non-executive directors						
Yang Baoqing	—	—	—	—	—	—
Wen Meixia	—	—	—	—	—	—
	—	1,340	376	10	1,726	1,726

Year ended 31 December 2024

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Sub-total RMB'000	Equity-settled share-based payments (Note 22) RMB'000	Total RMB'000
Executive directors							
Lei Yang (Note (i))	—	574	108	—	682	—	682
Wu Guihua (Note (i))	—	517	236	7	760	1,353	2,113
Non-executive directors							
Yang Baoqing (Note (iii))	—	—	—	—	—	—	—
Wen Meixia (Note (iii))	—	—	—	—	—	—	—
	—	1,091	344	7	1,442	1,353	2,795

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

8 DIRECTORS' EMOLUMENTS (Continued)

Notes:

- (i) Ms. Lei Yang and Mr. Wu Guihua were appointed as the executive directors of the Company on 18 October 2024. Ms. Lei Yang joined Topsun Group in 2019 and her emoluments disclosed above represented the compensations for her services as sales director of the fishing-related equipment division of Topsun Group, executive director and the general manager of 浙江樂欣戶外用品有限公司 Zhejiang Ridge Outdoor Co., Ltd. ("**Zhejiang Ridge Outdoor**") or the executive director of the Company. Mr. Wu Guihua joined Topsun Group in 2009 and his emoluments disclosed above represented the compensations for his services as general manager of the fishing-related equipment division of Topsun Group, deputy general manager of Zhejiang Ridge Outdoor or the executive director of the Company.
- (ii) Mr. Yang Baoqing was appointed as the non-executive director of the Company on 17 July 2024. No emoluments were paid by the fishing-related equipment division of Topsun Group, Zhejiang Ridge Outdoor or the Company to Mr. Yang Baoqing during the year ended 31 December 2025 and 2024.
- (iii) Ms. Wen Meixia was appointed as the non-executive director of the Company on 18 October 2024. No emoluments were paid by the fishing-related equipment division of Topsun Group, Zhejiang Ridge Outdoor or the Company to Ms. Wen Meixia during the year ended 31 December 2025 and 2024.
- (iv) Mr. Ding Feng, Mr. Han Hongling, Mr. Shu Yuanchao were appointed as the independent non-executive director of the Company on 12 November 2024 with effect from 31 January 2026.
- (v) During the years ended 31 December 2025 and 2024, no director has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2024: two) are directors whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the other three (2024: three) individuals are as follows:

	2025	2024
	RMB'000	RMB'000
Salaries, allowance and benefits in kind	2,471	1,921
Discretionary bonuses	149	79
Retirement scheme contributions	54	41
	2,674	2,041

The emoluments of the individuals who are not directors and with the highest emoluments are within the following bands:

	2025	2024
	Number of individuals	Number of individuals
HK\$ Nil to HK\$1,000,000	2	3
HK\$1,000,001 to HK\$1,500,000	1	—

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

10 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue or deemed to be in issue.

As described in Note 1(a), the Group underwent and completed the Reorganisation in November 2024 and the Company became the holding company of the Group. Before the completion of the Reorganisation, the Listing Businesses were conducted through the fishing-related equipment division of Topsun Group and various entities which are controlled by the Ultimate Controlling Shareholder. For the purpose of computing basic earnings per share, the weighted average number of ordinary shares deemed to be in issue before the Reorganisation was determined assuming the Reorganisation had occurred since 1 January 2024.

	2025	2024
Profit attributable to ordinary equity shareholders of the Company (RMB)	73,871,000	55,741,000
Weighted average number of ordinary shares in issue or deemed to be in issue	100,000,000	100,000,000
Basic earnings per share (RMB)	0.74	0.56

(b) Diluted earnings per share

As the Company had no dilutive potential ordinary shares outstanding during the years ended 31 December 2025 and 2024, therefore the diluted earnings per share were the same as the basic earnings per share.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

11 PROPERTY, PLANT AND EQUIPMENT

	Plant and Buildings RMB'000	Equipment and machinery RMB'000	Office equipment and furniture RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Total RMB'000
Cost:						
At 1 January 2024	38,549	17,030	1,141	116	—	56,836
Additions	—	1,277	99	—	253	1,629
Disposals	—	(500)	—	(118)	—	(618)
Exchange adjustments	—	6	5	2	—	13
At 31 December 2024 and 1 January 2025	38,549	17,813	1,245	—	253	57,860
Additions	—	2,200	1,203	—	—	3,403
Disposals	—	(359)	—	—	—	(359)
Exchange adjustments	—	97	40	—	—	137
At 31 December 2025	38,549	19,751	2,488	—	253	61,041
Accumulated depreciation:						
At 1 January 2024	(3,081)	(12,737)	(738)	(61)	—	(16,617)
Charge for the year	(2,844)	(1,281)	(101)	(9)	—	(4,235)
Written back on disposals	—	453	—	69	—	522
Exchange adjustments	—	(5)	(5)	1	—	(9)
At 31 December 2024 and 1 January 2025	(5,925)	(13,570)	(844)	—	—	(20,339)
Charge for the year	(2,844)	(1,219)	(191)	—	(68)	(4,322)
Written back on disposals	—	329	—	—	—	329
Exchange adjustments	—	(50)	(22)	—	—	(72)
At 31 December 2025	(8,769)	(14,510)	(1,057)	—	(68)	(24,404)
Net book value:						
At 31 December 2025	29,780	5,241	1,431	—	185	36,637
At 31 December 2024	32,624	4,243	401	—	253	37,521

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

12 RIGHT-OF-USE ASSETS

	Land use rights RMB'000	Plant and buildings RMB'000	Total RMB'000
Cost:			
At 1 January 2024	629	11,247	11,876
Disposals	—	(1,086)	(1,086)
Exchange adjustments	—	9	9
	629	10,170	10,799
At 31 December 2024 and 1 January 2025	—	(7,954)	(7,954)
Disposals	—	87	87
Exchange adjustments	—	87	87
	629	2,303	2,932
At 31 December 2025	629	2,303	2,932
Accumulated depreciation:			
At 1 January 2024	(20)	(4,102)	(4,122)
Charge for the year	(18)	(3,504)	(3,522)
Written back on disposals	—	1,086	1,086
Exchange adjustments	—	1	1
	(38)	(6,519)	(6,557)
At 31 December 2024 and 1 January 2025	(18)	(2,450)	(2,468)
Charge for the year	(18)	(2,450)	(2,468)
Written back on disposals	—	7,954	7,954
Exchange adjustments	—	(21)	(21)
	(56)	(1,036)	(1,092)
At 31 December 2025	(56)	(1,036)	(1,092)
Net book value:			
At 31 December 2025	573	1,267	1,840
At 31 December 2024	591	3,651	4,242

As at 31 December 2025 and 2024, the land use rights were pledged as security for bank loans (see Note 20).

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

12 RIGHT-OF-USE ASSETS (Continued)

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2025	2024
	RMB'000	RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Land use rights	18	18
Plant and buildings	2,450	3,504
	2,468	3,522
Interest on lease liabilities (Note 6(a))	116	249
Expense relating to short-term leases	3,411	1,090

Details of total cash outflow for leases, the maturity analysis of lease liabilities are set out in Note 17(d) and Note 21 respectively.

(a) Land use rights

Land in respect of land use rights is located in the PRC with a lease period of 30 years when obtained.

(b) Properties leased for own use

The Group leases various office buildings and warehouses in the PRC and the UK. The Group has obtained the right to use properties through tenancy agreements. The leases typically run for an initial period of 3 to 5 years.

Some leases include an option to terminate the lease before the end of the contract term. The Group considers it reasonably certain not to exercise the option to early terminate at lease commencement date.

(c) The analysis of the net book value of right-of-use assets by remaining lease term is as follows:

	31 December	31 December
	2025	2024
	RMB'000	RMB'000
Between 5 to 20 years	483	501
Less than 5 years	1,357	3,741
	1,840	4,242

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

13 INTANGIBLE ASSETS

	Patents RMB'000	Software RMB'000	Total RMB'000
Cost:			
At 1 January 2024	87	—	87
Additions	6	383	389
<hr/>			
At 31 December 2024 and 1 January 2025	93	383	476
Additions	38	1,126	1,164
Exchange adjustments	4	—	4
<hr/>			
At 31 December 2025	135	1,509	1,644
<hr style="border-top: 1px dashed #000;"/>			
Accumulated amortisation:			
At 1 January 2024	(28)	—	(28)
Charge for the year	(18)	(17)	(35)
<hr/>			
At 31 December 2024 and 1 January 2025	(46)	(17)	(63)
Charge for the year	(21)	(635)	(656)
Exchange adjustments	(4)	—	(4)
<hr/>			
At 31 December 2025	(71)	(652)	(723)
<hr style="border-top: 1px dashed #000;"/>			
Net book value:			
At 31 December 2025	64	857	921
<hr/>			
At 31 December 2024	47	366	413
<hr/>			

The amortisation charge is included in “Administrative expenses”, “Selling and distribution expenses” and “Research and development costs” in the consolidated statement of profit or loss and other comprehensive income.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

14 INVESTMENTS IN SUBSIDIARIES

As at 31 December 2025, the Company has equity interests in the following principal subsidiaries.

Company name	Place and date of incorporation/ establishment	Particulars of registered capital/ paid-up capital	Proportion of ownership interest		Principal activities
			Directly held by the Company	Indirectly held by the Company	
Solar Tackle Limited	The United Kingdom 27 April 2004	Great Britain Pound ("GBP") 100,000/GBP1	100.00%	—	Sales of fishing-related equipment
Ridge Holding (HK) Limited	Hong Kong 15 August 2024	Hong Kong Dollar ("HKD") 10,000/HKD10,000	100.00%	—	Investment holding
Zhejiang Ridge Creative Industry Co., Ltd.* 浙江樂欣創意產業有限公司	Chinese Mainland 30 October 2024	United States dollar ("USD") 2,000,000/—	—	100.00%	Investment holding
Zhejiang Ridge Outdoor* 浙江樂欣戶外用品有限公司	Chinese Mainland 8 June 2022	RMB100,000,000/ RMB100,000,000	—	100.00%	Manufacturing and sales of fishing-related equipment

* These entities are limited liability companies established in the Chinese Mainland. The official names of these entities are in Chinese. The English translation of these names is for identification purpose only.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

15 INVENTORIES

(a) Inventories in the consolidated statements of financial position comprise

	2025 RMB'000	2024 RMB'000
Raw materials	18,945	24,089
Semi-finished products and work in progress	36,293	38,493
Finished products	68,610	60,224
	123,848	122,806
Write down of inventories	(610)	(771)
	123,238	122,035

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount of inventories sold	476,091	420,015
(Reversal of write down)/write down of inventories	(161)	328
	475,930	420,343

All inventories are expected to be recovered within one year.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

16 TRADE AND OTHER RECEIVABLES

	<i>Note</i>	2025 RMB'000	2024 RMB'000
Trade receivables, net of loss allowance			
— third parties		99,365	87,443
— related parties	27(c)	880	867
Non-trade receivables due from related parties	27(c)	—	1,089
Other receivables and deposits		285	274
		100,530	89,673
Financial assets measured at amortised cost			
Prepayments for listing expenses		7,951	4,722
Other prepayments		1,633	595
Value-added tax recoverable		6,663	6,443
		16,247	11,760
		116,777	101,433

All of the trade and other receivables are expected to be recovered or recognised as expenses within one year.

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	2025 RMB'000	2024 RMB'000
Within 30 days	44,280	33,473
31 days to 60 days	19,836	28,478
61 days to 90 days	9,776	16,169
91 days to 180 days	26,315	10,032
181 days to 1 year	38	121
1 year to 2 years	—	37
	100,245	88,310

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 25(a).

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2025 RMB'000	2024 RMB'000
Cash at bank and on hand	55,174	65,164
Other cash and cash equivalents	533	509
	<hr/>	<hr/>
Cash and cash equivalents	55,707	65,673

As at 31 December 2025, cash and cash equivalents situated in the Chinese Mainland amounted to RMB46,088,000 (2024: RMB59,067,000). Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

(b) Reconciliation of profit before taxation to cash generated from operations:

	<i>Note</i>	2025 RMB'000	2024 RMB'000
Profit before taxation		98,009	79,005
Adjustments for:			
Depreciation of property, plant and equipment	6(c)	4,322	4,235
Depreciation of right-of-use assets	6(c)	2,468	3,522
Amortisation of intangible assets	6(c)	656	35
Net loss on disposal of property, plant and equipment	5	12	28
Finance costs	6(a)	5,148	822
Interest income	5	(2,488)	(152)
Net realised and unrealised loss on derivative financial instruments	5	—	3,375
(Reversal of)/provision of impairment loss on inventories		(161)	328
Provision of impairment loss on trade receivables		157	123
Foreign exchange loss/(gain)		1,619	(94)
Share-based payment expenses		—	1,353
		<hr/>	<hr/>
		109,742	92,580
Changes in working capital:			
Decrease in inventories		(1,042)	(35,044)
Decrease in trade and other receivables		(13,369)	(25,809)
(Decrease)/increase in trade and other payables		(9,640)	34,478
(Decrease)/increase in contract liabilities		(3,508)	7,006
		<hr/>	<hr/>
Cash generated from operations		82,183	73,211

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(c) Reconciliation of liabilities arising from financing activities

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

	Lease liabilities RMB'000 (Note 21)	Bank loans RMB'000 (Note 20)	Non-trade payables due to related parties (included in trade and other payables) RMB'000 (Note 18)	Total RMB'000
At 1 January 2025	3,800	100,092	155,392	259,284
Changes from financing cash flows:				
Proceeds from bank loans	—	200,000	—	200,000
Repayment of bank loans	—	(100,000)	—	(100,000)
Repayment of borrowings from related parties	—	—	(156,090)	(156,090)
Capital element of lease rentals paid	(2,522)	—	—	(2,522)
Interest element of lease rentals paid	(116)	—	—	(116)
Interest paid	—	(4,981)	—	(4,981)
Total changes from financing cash flows	(2,638)	95,019	(156,090)	(63,709)
Exchange adjustments	67	—	698	765
Other changes:				
Interest expenses (Note 6(a))	116	5,032	—	5,148
Total other changes	116	5,032	—	5,148
At 31 December 2025	1,345	200,143	—	201,488

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(c) Reconciliation of liabilities arising from financing activities (Continued)

	Lease liabilities RMB'000 (Note 21)	Bank loans RMB'000 (Note 20)	Non-trade payables due to related parties (included in trade and other payables) RMB'000 (Note 18)	Total RMB'000
At 31 December 2023	7,195	84	4,934	12,213
Changes from financing cash flows:				
Capital element of lease rentals paid	(3,408)	—	—	(3,408)
Proceeds from bank loans	—	100,000	—	100,000
Proceeds from borrowings from related parties	—	—	168,330	168,330
Interest element of lease rentals paid	(249)	—	—	(249)
Repayment of bank loans	—	(85)	—	(85)
Repayment of borrowings from related parties	—	—	(17,874)	(17,874)
Interest paid	—	(481)	—	(481)
Total changes from financing cash flows	(3,657)	99,434	150,456	246,233
Exchange adjustments	13	1	2	16
Other changes:				
Interest expenses (Note 6(a))	249	573	—	822
Total other changes	249	573	—	822
At 31 December 2024	3,800	100,092	155,392	259,284

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(Continued)*

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2025	2024
	RMB'000	RMB'000
Within operating cash flows	3,411	1,090
Within financing cash flows	2,638	3,657
	6,049	4,747

These amounts are related to lease rentals paid.

18 TRADE AND OTHER PAYABLES

	<i>Note</i>	2025	2024
		RMB'000	RMB'000
Trade payables			
— third parties		66,092	76,107
— related parties	27(c)	3,351	9,973
Non-trade payables due to related parties	27(c)	—	155,392
Listing expense payables		8,635	6,766
Other payables		4,624	1,661
		82,702	249,899
Financial liabilities measured at amortised cost			
Accrued payroll and other benefits		16,039	14,854
Other tax payables		2,598	1,521
		18,637	16,375
		101,339	266,274

All trade and other payables are expected to be settled within one year or are repayable on demand.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

18 TRADE AND OTHER PAYABLES *(Continued)*

As of the end of the reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 90 days	68,878	86,057
91 days to 1 year	565	18
1 year to 2 years	—	5
	69,443	86,080

19 CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Advances from customers	8,933	12,441

Movements in contract liabilities

	2025 RMB'000	2024 RMB'000
Balance at 1 January	12,441	5,435
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(12,441)	(5,435)
Increase in contract liabilities as a result of advances from customers	8,933	12,441
Balance at 31 December	8,933	12,441

All of the contract liabilities are expected to be recognised as income within one year.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

20 BANK LOANS

(a) The analysis of the repayment schedule of bank is as follows:

	2025 RMB'000	2024 RMB'000
On demand	—	50,043
Within 1 year	200,143	50,049
	200,143	100,092

(b) Assets pledged as security and covenants for bank

At 31 December 2025, the bank loans were secured as follows:

	2025 RMB'000	2024 RMB'000
Secured bank loans	150,119	50,049
Unsecured bank loans	50,024	50,043
	200,143	100,092

As at 31 December 2025, the secured loans of RMB150,119,000 (2024: RMB50,049,000) are secured by the land use rights and plant and buildings with the carrying amount of RMB573,000 (2024: RMB591,000) and RMB29,780,000 (2024: RMB32,624,000) as at 31 December 2025, respectively.

All of the Group's bank loans are subject to the fulfillment of covenants. As at 31 December 2024, some covenants are relating to the Group's financial metric, which are tested periodically, as are commonly found in lending arrangements with financial institutions. If the Group were to breach certain covenants, it would permit banks to request the related loans payable on demand. Further details of the covenants and the Group's management of liquidity risk are set out in Note 25(b).

As at 31 December 2024, Zhejiang Ridge Outdoor, a subsidiary of the Group, failed to meet certain financial metric stipulated in a 13-month loan agreement dated 10 December 2024. The carrying amount of the related loan with the original maturity date of January 2026 is RMB50,043,000 and is recorded in "Bank loans — on demand" as at 31 December 2024.

On 21 March 2025, Zhejiang Ridge Outdoor signed a supplementary agreement with the related bank only to amend and remove the relevant financial metric of such loan agreement. The bank did not demand any immediate payment or request to terminate any existing banking facility or loan agreement. The maturity date of this loan remained unchanged, i.e. January 2026. This bank loan was repaid in December 2025.

As at 31 December 2025, none of the covenants relating to drawn down facilities had been breached.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

21 LEASE LIABILITIES

At 31 December 2025, the lease liabilities were repayable as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	466	2,506
After 1 year but within 2 years	495	448
After 2 years but within 5 years	384	846
	879	1,294
	1,345	3,800

22 EQUITY SETTLED SHARE-BASED TRANSACTIONS

On 18 October 2024, GreatCast International Limited, which is wholly-owned by Mr. Yang Baoqing, the Ultimate Controlling Shareholder of the Group, transferred 6,707,600 shares of the Company to Outrider Investment Limited Partnership, at a consideration of USD3,353.8 (USD0.0005 per share).

Outrider Investment Limited Partnership was formed as a limited partnership with legal personality under the laws of the BVI on 3 October 2024 and was owned as to (i) 1.00% by its general partner, Taihong International Limited, a limited liability company incorporated under the laws of the BVI on 3 September 2024, which was in turn wholly-owned by Mr. Yang Baoqing; and (ii) 99.00% by 24 limited partners, who were the awardees as determined by Mr. Yang Baoqing.

Amongst these 24 limited partners, Mr. Wu Guihua, executive Director of the Company, was awarded to hold 6.71% of Outrider Investment Limited Partnership at a below-fair-value consideration of USD225.04, representing 450,080 shares of the Company, due to his past contributions to the Group. The remaining 23 limited partners, who were the employees of the other entities (outside the Group) controlled by Mr. Yang Baoqing, were awarded to hold 93.29% of Outrider Investment Limited Partnership, representing 6,257,520 shares of the Company.

The fair value of services received from Mr. Wu Guihua in return for the indirect equity interests in the Company was measured by reference to the difference between the fair value of shares transferred and the subscription price paid by Mr. Wu Guihua. The fair value of the shares transferred is measured at the transfer date and assessed by an independent appraiser, which was performed using the discounted cash flow model ("DCF model"). Best estimates of key assumptions are required to be determined by management. Key assumptions used in determining the fair value of the shares transferred are as follows:

Fair value of the shares granted and assumptions:

Fair value at measurement date (18 October 2024)	RMB3.01 per share
Risk-free interest rate	2.16%
Lack of marketability discount	10.0%

No service requirements or any other conditions is attached to this share transfer transaction. The Group has recorded equity-settled share-based payment expenses in administrative expenses of RMB1,353,000 for the shares transferred to Mr. Wu Guihua by the Ultimate Controlling Shareholder of the Group during the year ended 31 December 2024 in accordance with the accounting policy adopted for share-based payments in Note 2(q)(ii).

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

23 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2025 RMB'000	2024 RMB'000
As at 1 January	3,032	10,626
Provision for current income tax for the year	23,583	18,682
Deemed contribution (Note 24(c))	—	(690)
Payments during the year	(23,712)	(25,586)
	<hr/>	<hr/>
As at 31 December	2,903	3,032

(b) Deferred tax assets and liabilities recognised:

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

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

	Right-of-use assets RMB'000	Lease liabilities RMB'000	Credit loss allowances RMB'000	Property and plant RMB'000	Impairment of inventories RMB'000	Accruals RMB'000	Fair value change of derivative financial instruments RMB'000	Total RMB'000
At 1 January 2024	2,980	1,670	7	4,128	110	24	506	9,425
Credited/(Charged) to profit or loss	676	(823)	(1)	(322)	82	(24)	(506)	(918)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2024 and 1 January 2025	3,656	847	6	3,806	192	—	—	8,507
Credited/(Charged) to profit or loss	404	(590)	(6)	(323)	(40)	—	—	(555)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2025	4,060	257	*	3,483	152	—	—	7,952

Note:

* less than 1,000.

(ii) Reconciliation to the consolidated statement of financial position:

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	7,952	8,507

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

23 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(r), as at 31 December 2025, the Group did not recognise deferred tax assets in respect of its cumulative tax losses of RMB5,360,000 (2024: RMB10,278,000) and deductible temporary differences of RMB195,000 (2024: RMB224,000), as it is not probable that future taxable profit will be available against which unused tax losses can be utilised.

The expiration information of the Group's unused tax losses is set out below:

	2025 RMB'000	2024 RMB'000
2029	39	39
2030	1	—
Deductible losses without expiry date	5,320	10,239
	5,360	10,278

(d) Deferred tax liabilities not recognised

According to PRC corporate income tax laws and its implementation rules, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008.

As at 31 December 2025 and 2024, the Group has determined that certain retained profits of the Group's PRC subsidiaries are not probable to be distributed in the foreseeable future, therefore, the Group did not recognise deferred tax liabilities of RMB9,025,000(2024: RMB3,513,000) on PRC dividend withholding taxes as at 31 December 2025.

24 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

The Company was incorporated under the laws of the Cayman Islands as an exempted company with limited liability on 17 July 2024. The initial authorised share capital of our Company was USD50,000 divided into 50,000 shares with a par value of USD1.00 each.

On 18 October 2024, each of the Company's authorised shares with a par value of USD1.00 each was subdivided into 2,000 shares with a par value of USD0.0005 each. On the same date, the authorised share capital of the Company was increased from USD50,000 divided into 100,000,000 shares with a par value of USD0.0005 each to USD500,000 divided into 1,000,000,000 shares with a par value of USD0.0005 each.

As at 31 December 2025 and 2024, 100,000,000 shares of the Company with a par value of USD0.0005 each (totalling USD50,000) was issued and fully paid.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

24 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Note	Share capital RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total deficit RMB'000
Balance at 1 January 2024		—	—	—	—	—
Changes in equity for 2024:						
Total comprehensive income for the year		—	—	(13)	(401)	(414)
Issuance of new shares	24(a)	356	—	—	—	356
Deemed distribution arising from the Reorganisation		—	(3,836)	—	—	(3,836)
Capital contributions under equity settled share-based transactions	22	—	1,353	—	—	1,353
Balance at 31 December 2024 and 1 January 2025		356	(2,483)	(13)	(401)	(2,541)
Changes in equity for 2025:						
Total comprehensive income for the year		—	—	56	(776)	(720)
Balance at 31 December 2025		356	(2,483)	43	(1,177)	(3,261)

(c) Net parent investment

Prior to completion of the Reorganisation, the net parent investment represents the interest in net assets of the Listing Businesses which were managed and controlled by the fishing-related equipment division of Topsun Group under common control of the Ultimate Controlling Shareholder through the dates presented, inclusive of cumulative operating results. In addition, the transactions between the Group and Topsun Group for the operation and the transfer of net assets of the Listing Businesses were reflected as deemed contribution from/distribution to the Ultimate Controlling Shareholder within equity in the consolidated financial statements.

(d) Dividends

In July 2024, the board of directors of Zhejiang Ridge Outdoor, approved the profit distribution of RMB65,000,000 to 浙江泰普森實業集團有限公司 Zhejiang Hengfeng Top Leisure Co., Ltd., its then parent company of Zhejiang Ridge Outdoor. The dividend was paid in cash in September 2024.

Except for the dividends paid and declared by Zhejiang Ridge Outdoor mentioned above, no dividends were paid or declared by the Company and the other companies now comprising the Group for the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

24 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(e) Nature and purpose of reserves

(i) Capital reserve

The capital reserve as at 31 December 2024 and 2025 represents i) the merger reserve arising from the Reorganisation which represents the excess of the aggregate amount of paid-in capital and capital reserve of the subsidiaries comprising the Group over the considerations paid, and ii) the share-based payment reserve arising from the equity-settled share-based transactions recognised in accordance with the accounting policy adopted for share-based payments in Note 2(q)(ii) (see Note 22).

(ii) Statutory reserve

Statutory reserve is established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC.

In accordance with the PRC Company Law, 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 reserves until the reserves reach 50% of their respective registered capital. For the entity concerned, statutory reserves can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

(iii) Exchange reserve

The exchange reserve comprises the foreign exchange differences arising from the translation of the financial statements of foreign operations.

(iv) Non-controlling interests

Non-controlling interests represents the equity interests of Zhejiang Ridge Outdoor held by non-controlling shareholders before completion of the Reorganisation.

(f) Capital management

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

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

The Group's overall strategy remains unchanged throughout the years ended 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 meet its debt obligations. As at 31 December 2025, the Group's debt to asset ratio, being the Group's total liabilities divided by its total assets was 91.7% (2024:113.3%).

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

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

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables.

The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are state-owned banks or reputable commercial banks for which the Group considers to have low credit risk.

Trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables from third parties are due within 30 days to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 31 December 2025, 15.7% (2024: 19.7%), 15.4% (2024: 17.2%) and 59.2% (2024: 74.8%) of the total trade receivables was due from the Group's largest customer, the second largest customer and the five largest customers respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience indicates significantly different loss patterns for different customer segments, the loss allowance based on past due status is further distinguished between the Group's different customer bases.

The Group assessed that there is no significant loss allowance recognised in accordance with IFRS 9 for trade receivables from related-party customers as the credit risk in respect of trade receivables from related-party customers is low.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

Trade receivables *(Continued)*

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables from third-party customers:

	As at 31 December 2025		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Within credit periods	0.0%*	60,801	(6)
Overdue 1–30 days	0.1%	10,836	(11)
Overdue 31–90 days	0.1%	27,709	(28)
More than 90 days past due	70.1%	214	(150)
		99,560	(195)

	As at 31 December 2024		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Within credit periods	0.0%*	62,136	(9)
Overdue 1–30 days	0.0%*	16,538	(8)
Overdue 31–90 days	0.4%	8,533	(36)
More than 90 days past due	40.3%	484	(195)
		87,691	(248)

* Percentage less than 0.1%.

Expected loss rates are based on actual loss experience. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Trade receivables (Continued)

Movement in the loss allowance account in respect of trade receivables during the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
Balance at 1 January	248	185
Provision of impairment losses	157	123
Amounts written-off	(218)	(60)
Exchange adjustment	8	—
	<hr/>	<hr/>
Balance at 31 December	195	248

Other receivables and deposits

Credit risk in respect of other receivables and deposits is limited since the balance mainly includes deposits to suppliers.

The Group measures loss allowances for other receivables and deposits at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs. The Group assessed that there is no significant loss allowance recognised in accordance with IFRS 9 for other receivables and deposits at 31 December 2025 (2024: nil).

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants and its relationship with finance providers, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

As disclosed in Note 20(b), all of the Group's bank loans obtained as at 31 December 2025 and 2024 are subject to the fulfilment of covenants. As at 31 December 2024, some covenants are relating to the Group's financial metric, which are tested periodically, as are commonly found in lending arrangements with financial institutions. If the Group were to breach certain covenants, it would permit banks to request the related loans payable on demand.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk (Continued)

As at 31 December 2024, Zhejiang Ridge Outdoor, a subsidiary of the Group, failed to meet certain financial metric stipulated in a 13-month loan agreement dated 10 December 2024. The carrying amount of the related loan with the original maturity date of January 2026 is RMB50,043,000 and is recorded in “Bank loans — on demand” as at 31 December 2024. Information about the covenants for the above mentioned bank loan as at 31 December 2024 is set out below.

Loans	Carrying amount RMB'000	Covenants	Timing to comply with the covenants
The unsecured bank loans	50,043	(i) Total debt to total asset ratio of Zhejiang Ridge Outdoor shall be less than 50% (ii) Total current asset to total current debt ratio of Zhejiang Ridge outdoor shall not be less than 150%	At any time throughout the loan term

On 21 March 2025, the Group signed a supplementary agreement with the related bank only to amend and remove the relevant financial metric of such loan agreement. The bank did not demand any immediate payment or request to terminate any existing banking facility or loan agreement. The maturity date of this loan remained unchanged, i.e. January 2026. This bank loan was repaid in December 2025.

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

	As at 31 December 2025					Carrying amount at 31 December RMB'000
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	
Bank loans	201,747	—	—	—	201,747	200,143
Trade and other payables (excluding accrued payroll and other benefits, other tax payables)	82,702	—	—	—	82,702	82,702
Lease liabilities	533	533	399	—	1,465	1,345
	284,982	533	399	—	285,914	284,190

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk (Continued)

	As at 31 December 2024					Carrying amount at 31 December RMB'000
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	
Bank loans	100,647	—	—	—	100,647	100,092
Trade and other payables (excluding accrued payroll and other benefits, other tax payables)	249,899	—	—	—	249,899	249,899
Lease liabilities	2,618	512	897	—	4,027	3,800
	353,164	512	897	—	354,573	353,791

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank loans. Bank loans issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest rate profile as monitored by management is set out in (i) below:

(i) Interest rate risk profile

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

	2025		2024	
	Effective Interest rate %	Amount RMB'000	Effective Interest rate %	Amount RMB'000
Fixed rate borrowings:				
Bank loans	2.15%–2.65%	200,143	3.20%	50,049
Variable rate borrowings:				
Bank loans	—	—	2.80%	50,043
Total borrowings		200,143		100,092
Fixed rate borrowings as a percentage of total borrowings		100%		50%

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(c) Interest rate risk *(Continued)*

(ii) Sensitivity analysis

At 31 December 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately nil (2024: RMB375,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) is estimated as an annualised impact on interest expense or income of such a change in interest rates.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily USD, HKD, GBP and EUR.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	Exposure to foreign currencies (expressed in RMB'000)							
	2025				2024			
	USD RMB'000	EUR RMB'000	GBP RMB'000	HKD RMB'000	USD RMB'000	EUR RMB'000	GBP RMB'000	HKD RMB'000
Trade and other receivables	116,909	3,914	–	–	88,995	1,492	–	–
Cash and cash equivalents	37,505	5,674	–	36	27,994	1,420	–	21
Trade and other payables	(43,185)	(6,699)	(215)	–	(29,982)	(270)	(408)	(14)
Gross exposure arising from recognised assets and liabilities	111,229	2,889	(215)	36	87,007	2,642	(408)	7

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Currency risk (Continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax RMB'000
At 31 December 2025		
USD	5%	3,631
	-5%	(3,631)
EUR	5%	102
	-5%	(102)
GBP	5%	(8)
	-5%	8
HKD	5%	2
	-5%	(2)
At 31 December 2024		
USD	5%	2,949
	-5%	(2,949)
EUR	5%	127
	-5%	(127)
GBP	5%	(15)
	-5%	15
HKD	5%	1
	-5%	(1)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, and then translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(e) Fair value measurement

(i) *Financial assets and liabilities measured at fair value*

Fair value hierarchy

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

- Level 1 valuations: 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 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group did not have any assets or liabilities measured at fair value as at 31 December 2025 and 2024.

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

(ii) *Fair value of financial assets and liabilities carried at other than fair value*

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2025 and 2024.

26 COMMITMENTS

The Group does not have material commitments as at 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

27 MATERIAL RELATED PARTY TRANSACTIONS

(a) Names and relationship of the related parties that had material transactions with the Group

Name of the related party	Relationship
Topsun Group (including its subsidiaries)	Controlled by Mr. Yang Baoqing
– 浙江泰普森實業集團有限公司 * Zhejiang Hengfeng Top Leisure Co., Ltd.	
– 浙江泰普森科技有限公司 * Zhejiang Hengfeng Technology Co., Ltd.	
– 浙江西域戶外用品有限公司 * Zhejiang Xiyu Outdoor Co., Ltd.	
– 河南泰普森休閒用品有限公司 * Henan Hengfeng Top Leisure Co., Ltd.	
– 浙江泰普森數字科技有限公司 * Zhejiang Topsun Digital Technology Co., Ltd.	
– 河南泰普森戶外用品有限公司 * Henan Hengfeng Outdoors Co., Ltd.	
– 我飛(浙江)戶外裝備科技有限公司 * Wofei (Zhejiang) Outdoor Equipment Technology Co., Ltd.	
– 浙江樂富設計產業有限公司 * Zhejiang Loftpower Design Industry Co., Ltd.	
– 浙江樂富文化旅遊投資管理有限公司 * Zhejiang Loftpower Cultural Tourism Investment Management Co., Ltd.	
– 森陽戶外用品有限公司 * Topsun Outdoors Limited	
浙江泰合盛新材料科技有限公司 * Zhejiang Techson Technology Co., Ltd.	Entity controlled by Mr. Yang Baoqing
Solar Outdoors Investment Limited	Entity controlled by a close family member of Mr. Yang Baoqing
浙江四方共協信息技術有限公司 * Zhejiang Outsideasy Information Technology Co., Ltd.	Entity controlled by a close family member of Mr. Yang Baoqing
浙江康達工業設計有限公司 * Zhejiang Kangda Industrial Design Co., Ltd.	Entity controlled by a close family member of Mr. Yang Baoqing

* The English name of the entities incorporated in the Chinese Mainland is translated from their registered Chinese name for identification purpose only.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

27 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

	2025 RMB'000	2024 RMB'000
Sales of goods		
Topsun Group	66,829	60,902
Zhejiang Techson Technology Co., Ltd.	—	3
Provision of processing services		
Topsun Group	—	148
Rental income		
Topsun Group	810	931
Sales of property, plant and equipment		
Topsun Group	13	10
Purchase of goods		
Topsun Group	13,727	26,319
Zhejiang Techson Technology Co., Ltd.	101	1,395
Receiving processing services		
Topsun Group	3,559	5,523
Zhejiang Techson Technology Co., Ltd.	7	11
Receiving warehousing services		
Topsun Group	9,940	9,625
Receiving sales services		
Topsun Group	—	1,029
Receiving IT services		
Zhejiang Outsideasy Information Technology Co., Ltd.	804	900
Receiving other services		
Topsun Group	1,971	4,664
Short-term lease expense		
Topsun Group	2,485	777
Zhejiang Kangda Industrial Design Co., Ltd.	802	201
Purchase of property, plant and equipment		
Topsun Group	415	124
Zhejiang Techson Technology Co., Ltd.	13	—
Proceeds from borrowings		
Topsun Group	—	168,330
Repayment of borrowings		
Topsun Group	156,090	12,939
Solar Outdoors Investment Limited	—	4,935
Advance payments to related party		
Solar Outdoors Investment Limited	—	1,089
Receipts of advance payments to related party related party		
Solar Outdoors Investment Limited	1,089	—

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

27 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties (Continued)

The right-of-use assets and lease liabilities recognised for a long-term lease with a related party in respect of certain leasehold properties for operating activities are as below:

	2025	2024
	RMB'000	RMB'000
Topsun Group		
Interest expense on lease liabilities	22	130
Zhejiang Kangda Industrial Design Co., Ltd.		
Interest expense on lease liabilities	—	4

In October 2022, the Group entered into a three-year lease in respect of a warehouse from Topsun Group with annual rental fee of RMB2,807,000. The leases expire in September 2025.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

27 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Balance with related parties

	2025 RMB'000	2024 RMB'000
Amounts due from related parties – Trade related (i)		
Topsun Group	444	665
Zhejiang Techson Technology Co., Ltd.	–	1
Zhejiang Kangda Industrial Design Co., Ltd.	195	201
Zhejiang Outsideasy Information Technology Co., Ltd.	241	–
	880	867
Amounts due from related parties – Non-trade related		
Solar Outdoors Investment Limited	–	1,089
	–	1,089
	880	1,956
Amounts due to related parties – Trade related		
Topsun Group	3,351	9,447
Solar Outdoors Investment Limited	–	76
Zhejiang Outsideasy Information Technology Co., Ltd.	–	450
	3,351	9,973
Amounts due to related parties – Non-trade related (ii)		
Topsun Group	–	155,392
	–	155,392
	3,351	165,365
Lease liabilities		
Topsun Group	–	2,084
	–	2,084

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

27 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Balance with related parties (Continued)

Notes:

- (i) Amounts due from related parties-non-trade related are unsecured and interest-free. The ageing of amounts due from related parties, based on the invoice date, is within 1 year as at 31 December 2025 and 2024.
- (ii) Amounts due to related parties-non-trade related are unsecured and interest-free.

As at 31 December 2024, amounts due to related parties-non-trade related primarily represent borrowings obtained by the Group from related parties to fund the equity acquisition payments pursuant to the Reorganisation.

The balance of non-trade payables due to related parties as at 2024 was settled in December 2025.

(d) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Group's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	2025	2024
	RMB'000	RMB'000
Salaries, wages and other benefits	2,437	1,679
Discretionary bonuses	589	413
Contributions to defined contribution retirement plan	19	16
Equity-settled share-based payment	—	1,353
	3,045	3,461

Total remuneration is included in staff costs (see Note 6(b)).

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

28 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2025 RMB'000	2024 RMB'000
Non-current assets		
Investments in subsidiaries	1,343	1,374
	1,343	1,374
Current assets		
Cash and cash equivalents	578	423
Trade and other receivables	1,406	—
	1,984	423
Current liabilities		
Trade and other payables	6,588	4,338
	6,588	4,338
Net current liabilities	(4,604)	(3,915)
NET LIABILITIES	(3,261)	(2,541)
CAPITAL AND RESERVES		
Share capital	356	356
Reserves	(3,617)	(2,897)
TOTAL DEFICIT	(3,261)	(2,541)

29 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 10 February 2026, the shares of the Company were listed on the Main Board of the Stock Exchange, where 28,205,000 shares were issued and subscribed at a price of HK\$12.25 each. The proceeds will be credited to the Group's share capital and share premium accounts accordingly.

30 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2025, the Directors consider the immediate parent of the Company to be GreatCast International Limited, which is incorporated in the British Virgin Islands, and the ultimate controlling party of the Company to be Mr. Yang Baoqing.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

31 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 9, <i>Financial instruments</i> and IFRS 7, <i>Financial instruments: disclosures</i> — <i>Contracts referencing nature-dependent electricity</i>	1 January 2026
Amendments to IFRS 9, <i>Financial instruments</i> and IFRS 7, <i>Financial instruments: disclosures</i> — <i>Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to IFRS Accounting Standards — Volume 11	1 January 2026
IFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
IFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027
Amendments to IFRS 10 and IAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

IFRS 18, Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single Note in the financial statements. Minor amendments to IAS 7 *Statement of cash flows* are also made.

The Group does not plan to early adopt IFRS 18. IFRS18 will impact the presentation of financial statements and is not expected to have a significant impact on the financial performance and positions of the Group.

Definitions and Glossary

In this annual report, unless the context otherwise requires, the following terms have the following meanings. These terms and their definitions may not correspond to any industry standard definition and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as the Company.

“AGM”	the annual general meeting of the Company to be held on 9 June, 2026 or any adjournment thereof
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Articles” or “Articles of Association”	the articles of association of our Company (as amended from time to time)
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of directors of our Company
“BVI”	the British Virgin Islands
“Cayman Companies Act”	the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“CG Code”	Corporate Governance Code in Appendix C1 to the Listing Rules
“China” or the “PRC”	the People’s Republic of China, which for the purpose of this annual report and for geographical reference only, and except the context requires otherwise, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan Region
“Company”, “our Company” or “the Ridge Outdoor”	Ridge Outdoor International Limited (樂欣戶外國際有限公司), formerly known as Ridge International Limited, an exempted company incorporated in Cayman Islands with limited liability on July 17, 2024
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to Mr. Yang, GreatCast, Taihong and Outrider Partnership
“Director(s)” or “our Director(s)”	the director(s) of the Company
“East Asia”	a region in the eastern part of Asia, the west coast of the Pacific Ocean, mainly including China, Japan, South Korea and other regions
“ESG”	Environmental, Social and Governance
“Europe”	a continent in northwest Eurasia including 45 countries and regions, such as the United Kingdom, France, Italy, Spain
“Global offering”	the Hong Kong Public Offering and the International Offering
“Group”, “our Group”, “the Group”, “we”, “us” or “our”	the Company and its subsidiaries or, where the context so requires, in respect of the period prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it

Definitions and Glossary

“HK\$” or “HKD” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“IFRS”	the International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by International Accounting Standards Board and the International Accounting Standards and interpretations issued by the International Accounting Standards Committee
“IT”	information technology
“Latest Practicable Date”	April 27, 2026, being the latest practicable date for the purpose of ascertaining certain information in this report prior to its publication
“Listing”	listing of the Shares on the Main Board of the Hong Kong Stock Exchange
“Listing Date”	February 10, 2026, being the date of listing of the Company’s Shares on the Main Board of the Hong Kong Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with Growth Enterprise Market of the Hong Kong Stock Exchange
“Model Code”	the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Mr. Yang”	Mr. Yang Baoqing (楊寶慶), our chairman of the Board and non-executive Director, one of the Controlling Share holders
“Ms. Yuan”	Ms. Yuan Liping (袁利平), the spouse of Mr. Yang
“Nomination Committee”	the nomination committee of our Company, the details of which are described in “Corporate Information” in this prospectus
“OBM”	original brand manufacturer, a company that sells its manufactured products under its own brands
“ODM”	original design manufacturer, a company that designs and manufactures products eventually be sold under third party brands
“OEM”	original equipment manufacturer, a company that manufactures a product in accordance with its customer’s designs which ultimately will be branded by its customer for sale

Definitions and Glossary

“R&D”	research and development
“Remuneration Committee”	the remuneration committee of our Company
“Prospectus”	the prospectus dated January 31, 2026 issued by the Company in connection with Hong Kong public offering under the Global Offering
“Reporting Period”	the year ended December 31, 2025
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Securities and Futures Ordinance” or “SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the capital of a par value of US\$0.005 each in the issued capital of the Company
“Shareholder(s)”	holder(s) of shares
“SKU”	stock keeping unit
“Southeast Asia”	a region located in southeast Asia, mainly consisting of 10 countries, such as Indonesia, Malaysia, Singapore, Thailand and Vietnam
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Topsun Group”	Zhejiang Topsun Holding and its subsidiaries from time to time
“United Kingdom” or “U.K.”	the United Kingdom of Great Britain and Northern Ireland
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. dollar” or “USD”	United States dollar, the lawful currency of the United States
“Zhejiang Ridge Outdoor”	Zhejiang Ridge Outdoor Co., Ltd (浙江樂欣戶外用品有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly owned subsidiary of the Company
“Zhejiang Topsun Holding”	Zhejiang Topsun Holding Group Co. Ltd. (浙江泰普森控股集團有限公司), a company established under the laws of the PRC with limited liability, which is held as to (i) 99.0% by Mr. Yang and (ii) 1.0% by Ms. Yuan
“%”	per cent