

Pearl River Holdings Limited

**Interim Condensed Consolidated Financial Statements
For the three months ended March 31, 2025**

(Unaudited - Prepared by Management)

(Presented in Chinese Yuan Renminbi)

**495 Newbold Street
London, Ontario, N6E 1K4**

**Telephone (519) 645-0267
Facsimile (519) 679-1446**

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the company have been prepared by and are the responsibility of the company's management.

The company's independent auditor has not performed a review of these interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim consolidated financial statements by an entity's auditor.

(signed) "George Lunick"

George Lunick
President and Chief Executive Officer

(signed) "Anne Dang"

Anne Dang
Chief Financial Officer

Pearl River Holdings Limited

Condensed Interim Consolidated Statement of Financial Position

	March 31 2025 (RMB) <i>(Unaudited)</i>	December 31 2024 (RMB) <i>(Audited)</i>
Assets		
Current assets		
Cash and cash equivalents	43,601,347	53,193,406
Tax recoverable	-	212,144
Accounts receivable	40,326,596	51,789,495
Other receivables, deposits and prepaid expenses	8,135,996	8,773,851
Inventories	52,816,715	44,420,522
	<u>144,880,654</u>	<u>158,389,418</u>
Non-current assets		
Property, plant and equipment	38,638,924	38,451,702
Intangible asset	702,569	873,069
Deferred tax asset	11,572,281	11,913,868
Deposits and prepaid expense	3,354,869	3,489,906
Right of use assets	42,255,335	45,472,419
	<u>92,466,540</u>	<u>100,200,964</u>
Total assets	<u>241,404,632</u>	<u>258,590,382</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	26,012,637	36,329,715
Deferred liabilities	2,978,057	2,339,964
Current portion of bank borrowings	14,582,560	15,783,148
Financial liability at FVTPL (note 8)	1,247,499	1,247,499
Lease liability (note 7)	3,564,621	5,200,531
Taxes payable	-	1,101,079
	<u>48,385,374</u>	<u>62,001,936</u>
Non-current liabilities		
Deferred liability	-	-
Bank borrowings	8,800,000	7,900,000
Lease liability (note 7)	42,262,975	44,034,152
Financial liability at FVTPL (note 8)	-	-
Deferred tax	10,627,853	11,556,831
	<u>61,690,828</u>	<u>63,490,983</u>
Total Liabilities	<u>110,076,202</u>	<u>125,492,919</u>
Equity		
Share capital	52,242,949	52,242,949
Contributed surplus	9,130,209	9,130,209
Accumulated other comprehensive income	1,156,444	3,815,859
Surplus	32,615,354	31,377,827
Total equity attributable to common shareholders	<u>95,144,956</u>	<u>96,566,844</u>
Non-controlling interest	<u>36,183,474</u>	<u>36,530,619</u>
Total equity	<u>131,328,430</u>	<u>133,097,463</u>
Total liabilities and equity	<u>241,404,632</u>	<u>258,590,382</u>

Commitments (Note 4)

Approved by the Board:

(Signed) "George Lunick", Director

(Signed) "Jorge Enrique Autrique Ruix", Director

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Pearl River Holdings Limited**Condensed Interim Consolidated Statements of Operations**
(Unaudited)

	For the three months ended	
	March 31	
	2025	2024
	RMB	RMB
Revenue	80,109,314	65,035,407
Cost of Goods Sold	58,910,654	49,428,229
Gross Profit	<u>21,198,660</u>	<u>15,607,178</u>
Expenses		
General and Administrative	13,526,002	11,054,671
Selling	3,437,158	3,068,102
Finance	687,349	147,955
Interest on long term debt	149,179	121,814
Depreciation	1,332,748	237,986
Depreciation (ROUA)	502,531	892,127
	<u>19,634,967</u>	<u>15,522,655</u>
Other Items		
Net exchange gain/(loss)	(423,916)	738,913
Other income and (expense)	147,165	388,741
	<u>(276,751)</u>	<u>1,127,654</u>
Earnings before income taxes	1,286,942	1,212,177
Corporate Income Tax	<u>(398,029)</u>	-
Net income for the period	<u>888,913</u>	<u>1,212,177</u>
Net income attributable to:		
Common shareholders	1,237,527	905,553
Non-controlling interest	<u>(348,614)</u>	<u>306,625</u>
	<u>888,913</u>	<u>1,212,178</u>
Earnings per share attributable to common shareholders:		
Basic	0.0453	0.0332
Fully diluted	0.0412	0.0301

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Pearl River Holdings Limited

Condensed Interim Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)

	For the three months ended March 31	
	2025 RMB	2024 RMB
Net income for the period	888,913	1,212,178
Other comprehensive loss:		
Exchange difference on translation of foreign operations	<u>(2,659,415)</u>	<u>1,682,409</u>
Comprehensive income (loss)	<u>(1,770,502)</u>	<u>2,894,587</u>
Comprehensive income (loss) attributable to:		
Common shareholders	(1,421,888)	2,587,962
Non-controlling interest	<u>(348,614)</u>	<u>306,625</u>
	<u>(1,770,502)</u>	<u>2,894,587</u>

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Pearl River Holdings Limited

Condensed Interim Consolidated Statements of Cash Flows
(Unaudited)

	For the three months ended March 31	
	2025 RMB	2024 RMB
Cash flows provided by (used for):		
Operating activities		
Net income for the period	888,913	1,212,178
Add items not requiring cash		
Depreciation	1,332,748	237,986
Depreciation (ROUA)	502,531	892,127
	<u>2,724,192</u>	<u>2,342,291</u>
Changes in non-cash working capital balances		
Accounts receivable	11,462,899	2,122,020
Deferred tax asset	341,587	3,997,017
Inventories	(8,396,193)	(15,130,869)
Other receivables, deposits and prepaid expenses	637,855	3,166,920
Deposit, prepaid	135,037	-
Intangible asset	170,500	69,200
Right-of-use asset	3,217,084	5,353,586
Accounts payable and accrued liabilities	(10,317,078)	7,727,208
Lease Liability	(1,635,910)	(3,192,730)
Financial liability FVTPL	-	(910,870)
Taxes	(1,101,079)	(1,060,867)
Deferred liabilities	638,093	272,409
Non current lease liability	(1,771,177)	(4,097,622)
Deferred taxes	(928,978)	(3,997,017)
	<u>(7,547,360)</u>	<u>(5,681,615)</u>
Cash flows from operating activities	<u>(4,823,168)</u>	<u>(3,339,324)</u>
Investing activities		
Acquisition of capital assets	(1,775,284)	(2,697,780)
Short term investments	212,144	(5,393,478)
Cash Flows from investing activities	<u>(1,563,140)</u>	<u>(8,091,258)</u>
Financing activities		
Change in bank borrowings	(300,588)	(10,000,000)
Change in non-controlling interests	(347,145)	306,625
Cash Flows from financing activities	<u>(647,733)</u>	<u>(9,693,375)</u>
Increase (decrease) in cash during period	(7,034,041)	(21,123,957)
Effect of exchange rate differences on cash	(2,558,018)	3,529,864
Cash and cash equivalents - beginning of period	53,193,406	71,856,351
Cash and cash equivalents - end of period	<u>43,601,347</u>	<u>54,262,258</u>
Supplemental cash flow information:		
Income Taxes paid		
Foreign value added tax, net	2,813	2,813

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Pearl River Holdings Limited

Cash Flow calculations

Change in amounts
RMB

	March 31 2025 (RMB) <i>(Unaudited)</i>	December 31 2024 (RMB) <i>(Audited)</i>	
Assets			
Current assets			
Cash and cash equivalents	43,601,347	53,193,406	9,592,059
Tax recoverable	-	212,144	212,144
Accounts receivable	40,326,596	51,789,495	11,462,899
Other receivables, deposits and prepaid expenses	8,135,996	8,773,851	637,855
Intangible asset	702,569	873,069	170,500
Income taxes recoverable	-	-	-
Inventories	52,816,715	44,420,522	(8,396,193)
	<u>144,880,654</u>	<u>158,389,418</u>	
Non-current assets			
Property, plant and equipment	38,638,924	38,451,702	(187,222)
Deferred tax asset	11,572,281	11,913,868	341,587
Deposits and Prepaid	3,354,869	3,489,906	135,037
Right of Use asset	42,255,335	45,472,419	3,217,084
	<u>92,466,540</u>	<u>100,200,964</u>	
Total assets	<u>241,404,632</u>	<u>258,590,382</u>	
Liabilities			
Current liabilities			
Bank overdraft	-	-	-
Accounts payable and accrued liabilities	26,012,637	36,329,715	(10,317,078)
Deferred Liabilities	2,978,057	2,339,964	638,093
Lease Liability	3,564,621	5,200,531	(1,635,910)
Financial liability at FVTPL	1,247,499	1,247,499	-
Current portion of bank borrowings	14,582,560	15,783,148	(1,200,588)
Taxes payable	-	1,101,079	(1,101,079)
	<u>48,385,374</u>	<u>62,001,936</u>	
Non-current liabilities			
Deferred liability	-	-	-
Bank Borrowings	8,800,000	7,900,000	900,000
Financial liability at FVTPL	-	-	-
Lease liability	42,262,975	44,034,152	(1,771,177)
Deferred tax	10,827,853	11,556,831	(928,978)
	<u>61,690,828</u>	<u>63,490,983</u>	
Equity			
Share capital	52,242,949	52,242,949	-
Contributed surplus	9,130,209	9,130,209	-
Accumulated other comprehensive loss (income)	1,156,444	3,815,859	(2,659,415)
Deficit	32,615,354	31,377,827	1,237,527
Total equity attributable to common shareholders	<u>95,144,956</u>	<u>96,566,844</u>	
Non-controlling interest	<u>36,183,474</u>	<u>36,530,619</u>	(347,145)
Total equity	<u>131,328,430</u>	<u>133,097,463</u>	
Total liabilities and equity	<u>241,404,632</u>	<u>258,590,382</u>	

Commitments (Note 4)

Approved by the Board:

(Signed) "George Lunick", Director
(Signed) "Juan Autrique", Director

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Pearl River Holdings Limited

Condensed Interim Consolidated Statement of Changes in Equity
(Unaudited)

	Attributable to common shareholders						
	Share capital	Contributed	Accumulated	Deficit	Total	Non-	Total
Shares	Amount	Surplus	other		RMB	controlling	equity
	RMB	RMB	comprehensive	RMB	RMB	interests	RMB
			income (loss)			RMB	
Balance, December 31, 2023	27,309,927	8,473,772	4,148,052	23,660,692	88,525,465	31,444,575	119,970,040
Net income	-	-	-	905,553	905,553	306,625	1,212,178
Other comprehensive income (loss)	-	-	-	-	-	-	-
Dividends Paid	-	-	-	-	-	-	-
Transfer for Staff & Welfare reserve	-	-	-	-	-	-	-
Currency translation adjustment	-	-	1,682,409	-	1,682,409	-	1,682,409
Balance, March 31, 2024	27,309,927	8,473,772	5,830,461	24,566,245	91,113,427	31,751,200	122,864,627
Balance, December 31, 2024	27,309,927	9,130,209	3,815,859	31,377,827	96,566,844	36,530,619	133,097,463
Net income	-	-	-	1,237,527	1,237,527	(348,614)	888,913
Other comprehensive income:	-	-	(2,659,415)	-	(2,659,415)	1,469	(2,657,946)
Currency translation adjustment	-	-	-	-	-	-	-
Balance, March 31, 2025	27,309,927	9,130,209	1,156,444	32,615,354	95,144,956	36,183,474	131,328,430

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Condensed Notes to the Interim Consolidated Financial Statements
Three months ended March 31, 2025
(Unaudited)

1. Nature of Operations

Pearl River Holdings Limited (the "Corporation" or "Pearl River"), is incorporated under the Canada Business Corporations Act, and through its subsidiaries, Pearl River Plastics, Rodman Plastics, Rodman Enterprises, Red Door Enterprises, Red Door China, Guangzhou Rodman Plastics, Rodman (CA) Cambodia, Glowpear Pty Limited and primarily operates in China, Australia and Cambodia. Its principal business activities are the manufacturing and distribution of plastic products to customers in China, Australia and the United States of America.

2. New accounting standards and amendments

The Corporation adopted the following new accounting standards which did not have a material impact on these financial statements:

Amendment to IAS 21

Lack of Exchangeability¹

The adoption of this standard did not have any material impact on the Group's accounting policies.

3. Basis of presentation

These interim Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") and have been prepared following the same accounting policies and method of computation as the annual Consolidated Financial Statements for the year ended December 31, 2024. The disclosures provided below are incremental to those included with the annual Consolidated Financial Statements. Certain information and disclosures normally included in the notes to the annual Consolidated Financial Statements have been condensed or have been disclosed on an annual basis only. Accordingly, these interim Consolidated Financial Statements should be read in conjunction with the annual Consolidated Financial Statements for the year ended December 31, 2024, which have been prepared in accordance with IFRS as issued by IASB.

These interim condensed consolidated financial statements were approved by the Board of Directors on December 22, 2025.

Functional and presentation currency

The Group operates in countries with different currencies. All companies have, as their functional currency, the local currency of the country in which they operate, which is their primary economic environment.

The consolidated financial statements are presented in Chinese Yuan Renminbi ("RMB") and have been translated to RMB in accordance with IAS 21 - The Effects of Changes in Foreign Exchange Rates as it relates to foreign operations.

Convenience Translation into Canadian Dollar Amounts

The Corporation functional and presentation currency is Renminbi.

Condensed Notes to the Interim Consolidated Financial Statements
Three months ended March 31, 2025
(Unaudited)

4. Material accounting policies

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Corporation and its subsidiaries (note 19). Intercompany transactions and balances together with unrealized profits are eliminated in full in preparing the consolidated financial statements. Unrealized losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred in which case the loss is recognized in profit or loss.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Corporation.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognized in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(b) Subsidiaries

A subsidiary is an entity over which the Corporation is able to exercise control. Control is achieved when the Corporation, directly or indirectly, has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights presently exercisable are taken into account. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Corporation has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists, the Corporation considers all relevant facts and circumstances, including:

- The size of the Corporation's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- Substantive potential voting rights held by the Corporation and other parties who hold voting rights;
- Other contractual arrangements; and
- Historical patterns in voting attendance.

A subsidiary is an entity over which the Corporation is able to exercise control. Control is achieved when the Corporation, directly or indirectly, has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights presently exercisable are taken into account. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. De-facto control exists in situations where the Corporation has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists, the Corporation considers all relevant facts and circumstances, including: • The size of the Corporation's voting rights relative to both the size and dispersion of other parties who hold voting rights; • Substantive potential

Condensed Notes to the Interim Consolidated Financial Statements
Three months ended March 31, 2025
(Unaudited)

voting rights held by the Corporation and other parties who hold voting rights; • Other contractual arrangements; and • Historical patterns in voting attendance.

(c) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are recognized as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value of 10% over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The estimated useful lives for each category of property, plant and equipment are as follows:

Furniture and equipment	3-5 years
Machinery	8-20 years
Motor vehicles	5-10 years
Molds	5 years
Leasehold improvements	Over the lease term

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount. Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If the lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognized in profit and loss.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sales proceeds and its carrying amount, and is recognized in profit or loss on disposal.

(d) Intangible assets

Intangible assets acquired separately Intangible assets with a finite useful life that are acquired separately are carried at cost less accumulated amortization and any accumulated impairment losses/revalued amounts, being their fair value at the date of the revaluation less subsequent accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The group amortizes intangible assets with limited useful lives using the straight-line method over the follow periods:
Software 3-5 years

Condensed Notes to the Interim Consolidated Financial Statements
Three months ended March 31, 2025
(Unaudited)

(e) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset 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 depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It 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, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

Condensed Notes to the Interim Consolidated Financial Statements
Three months ended March 31, 2025
(Unaudited)

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

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(f) Financial Instruments

(i) Financial assets at amortized cost

A financial asset is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without a significant financing component is initially measured at the transaction price.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Financial assets at amortized cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain on derecognition is recognized in profit or loss.

(ii) Impairment loss on financial assets at amortized cost

The Group recognizes loss allowances for expected credit loss ("ECL") on accounts and other receivables. The ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for accounts receivable and contract assets (if any) using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or (2) the financial asset is more than 120 days past due.

Condensed Notes to the Interim Consolidated Financial Statements
Three months ended March 31, 2025
(Unaudited)

Interest income on credit-impaired financial assets is calculated based on the amortized cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non-credit impaired financial assets, interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Group has two categories of financial liabilities, which is financial liabilities at FVTPL and financial liabilities at amortized cost, including borrowings, are initially measured at fair value, net of transaction costs.

Financial liabilities at amortized cost

Financial liabilities at amortized cost are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective interest basis.

Financial liabilities at FVTPL

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at FVTPL, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at FVTPL if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognizing the gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognized in profit or loss in the period in which they arise, except for the gains and losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognized in the statement of profit or loss does not include any interest charged on these financial liabilities

(iv) Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Derecognition

The Group derecognizes a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for de-recognition. Financial liabilities are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires.

(g) Inventories

Inventories are initially recognized at cost, and subsequently at the lower of cost and net realizable value. Cost comprises all costs of purchase, direct labor, manufacturing overhead and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to complete the sale.

Condensed Notes to the Interim Consolidated Financial Statements
Three months ended March 31, 2025
(Unaudited)

(h) Income taxes

Income taxes for the year comprise current taxes and the realization of deferred taxes. Income taxes are recognized in profit or loss, except for taxes that relate to items recognized in other comprehensive income.

Current taxes on income are the sum of taxes levied on the results before taxes, in the countries where those results were generated, based on local tax regulations and against tax rates of the applicable year. Tax-exempt income and expenses not deductible for tax purposes are taken into account in calculating taxes on income.

Deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognized assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognized for all temporary differences. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realized based on tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

(i) Foreign currency

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of each reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognized in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of nonmonetary items in respect of which gains and losses are recognized in other comprehensive income, in which case, the exchange differences are also recognized in other comprehensive income.

On consolidation, income and expense items of foreign operation are translated into the presentation currency of the Group, Renminbi, at the average exchange rates for the year, unless exchange rates fluctuated significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity as foreign exchange reserve and attributed to minority interests as appropriate. Exchange differences recognized in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

Condensed Notes to the Interim Consolidated Financial Statements
Three months ended March 31, 2025
(Unaudited)

(j) Revenue recognition

(i) Sales of goods

Revenue from the sale of plastic products is recognized when control of the products has been transferred to the customer, the customer has accepted the products, and there are no unfulfilled obligations that could affect the customer's acceptance of the products. The point in time at which control transfers depends on the terms of the sales contracts, with Free on Board (FOB) shipping point being the most commonly used shipping term. The transaction price is determined based on a stand-alone selling price specified in the sales contract with the customer. There is no significant financing component in these contracts.

For certain sales contracts with wholesale distributors, sales rebates are agreed upon at contract inception. Revenue is recognized on a net basis after deducting the estimated provision for sales rebates.

(ii) Interest income

Interest income is recognized as it accrues under the effective interest method using 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. For financial assets measured at amortized cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset.

(m) Employees' benefits

(a) Short term benefits

Employee entitlements to annual leave and long service leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of each reporting period.

(b) Pension obligations

For employees in Hong Kong, the Group participates in a master trust scheme provided by an independent Mandatory Provident Fund ("MPF") service provider to comply with the requirements under the MPF Schemes Ordinance. Contributions paid and payable by the Group to the scheme are charged to the profit or loss as incurred. For employees in the PRC, the Group contributes to a state-sponsored retirement plan. The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(o) Segment reporting

Segments are geographical areas and are reported in a manner consistent with internal reporting provided to the chief operating decision-maker. The chief operating decisionmakers, who are responsible for allocating resources and assessing performance of the segments, has been identified as the Board of Directors of the Group. The information with regard to these geographical areas is included in a separate note within these financial statements.

(p) Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as cash paid by the Group to acquire control of the acquiree.

The identifiable assets acquired and liabilities assumed are recognized at their fair value at the acquisition date, provided they meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting.

Condensed Notes to the Interim Consolidated Financial Statements
Three months ended March 31, 2025
(Unaudited)

Goodwill is recorded as the excess of the cash consideration paid over the net amount of net identifiable assets acquired and liabilities assumed. In the case of acquiring a company with negative net worth, where liabilities exceed assets, goodwill arises when the cash paid exceeds the negative net worth (fair value of net liabilities). If the net fair value of identifiable assets and liabilities exceeds the cash consideration, the excess is recognized immediately in profit or loss as a gain on bargain purchase.

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses, if any.

CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Actual results differ from these estimates.

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

In the process of applying the Group's accounting policies, management has made the following judgments apart from those involving estimation as discussed below, which have the most significant effect on the amounts recognized in the financial statements.

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgment in the area of asset impairment, particularly in assessing:

(1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or de-recognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

Key sources of estimation uncertainty

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

Provision against slow-moving inventories

Provision for slow-moving inventories is made based on the ageing and estimated net realizable value of inventories. The assessment of the provision required involves management judgment and estimates. Where the actual outcome or future expectation is different from the original estimate, such differences will impact the carrying value of inventories and provision charged or reversed in the period in which the estimate has been changed.

Condensed Notes to the Interim Consolidated Financial Statements
Three months ended March 31, 2025
(Unaudited)

Estimating the incremental borrowing rate — the Group as lessee

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") of the relevant lessee to measure lease liabilities. The IBR is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the lessee would have to pay, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs such as market interest rates when available.

To determine the IBR, the Group: -

Where possible, use recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and - Makes adjustments specific to the lease, e.g. term, country, currency and security.

Impairment of accounts receivables

The provision rate of accounts receivables is made based on assessment of their recoverability and ageing analysis of accounts receivables as well as other quantitative and qualitative information and on management's judgement and assessment of the forward-looking information. At the end of reporting period, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The assessment of the correlation between historical observed default rates, forecast of economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast of economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Income tax and deferred tax

Certain entities within the Group are subject to income taxes in the PRC. There are certain transactions and calculations for which the ultimate tax determination is uncertain during ordinary course of businesses. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognized when the management determines it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilized. The outcome of their actual utilization may be different. When the expectations are different from the original estimates, such differences will impact the recognition of deferred tax assets and income tax charges in period in which such estimates are changed.

Fair value measurement of purchase consideration payable

The fair value measurement of purchase consideration payable utilizes market observable inputs and data as far as possible. Inputs used in determining fair value measurement is categorized into different levels based on how observable the inputs used in the valuation technique utilized are (the "fair value hierarchy"):

Level 1: Quoted prices in active markets for identical items (unadjusted);

Level 2: Observable direct or indirect inputs other than Level 1 inputs; and

Level 3: Unobservable inputs (ie. Not derived from market data)

Condensed Notes to the Interim Consolidated Financial Statements
 Three months ended March 31, 2025
 (Unaudited)

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognized in the period that they occur.

5. Commitments

Under the terms of operating leases for its office and manufacturing premises, the Corporation is obligated to make the following minimum rental payments exclusive of occupancy costs over the following years.

The present value of the future lease payments are analyzed as:

	2025	2024
Current liabilities	3,564,621	4,758,117
Non-current liabilities	<u>42,262,975</u>	<u>4,808,740</u>
	<u>45,827,596</u>	<u>9,566,857</u>

6. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

- (a) During the year, the Corporation had the following other transactions included in general and administrative expenses with related parties:

	2025	2024
Administrative fees incurred with a Corporation controlled by a director of the Corporation	RMB 341,744	RMB 104,017

Included in this amount is RMB 44,310 in accounts payable and accrued liabilities at March 31, 2025.

- (b) The remuneration of directors and other members of key management during the year was as follows:

	2025	2024
Management salary and benefits	RMB 710,374	RMB 668,750

These transactions have been recorded in the financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Management is of the opinion that these transactions were undertaken under similar terms and conditions as those with non-related parties.

Condensed Notes to the Interim Consolidated Financial Statements
 Three months ended March 31, 2025
 (Unaudited)

7. Chinese-foreign Joint Venture

The Corporation has a 64% equity interest in Guangzhou Rodman Plastics Company Limited ("GRPC"), which was established in the PRC. Pursuant to the Chinese-Foreign Joint Venture Agreement dated on January 23, 1995 and renewed on August 31 2022, the Corporation's subsidiary, Rodman Enterprises Limited ("REL") and Guangzhou Plastics Industrial Joint Stock Company Limited ("PRC Party") undertake the economic activities of GRPC which were subject to joint control and none of the participating parties had unilateral control over the economic activities up until January 1, 2012. Pursuant to the Supplementary Agreement to the Chinese-Foreign Joint Venture Agreement entered into between REL and PRC Party on January 1, 2012, REL has the power to govern the financial and operating policies of GRPC so as to obtain benefits from its activities. On that date, the status of GRPC was changed from a jointly controlled entity to a subsidiary of the Group. There is no change in ownership interests as a result of the agreement.

8. Segment information

Information regarding the Group's reportable operating segments as provided to the Group's chief operating decision makers for the purposes of resources allocation and assessment of segment performance for the period derived only from trading of plastic products.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditures are based on the geographical location of the assets.

The following table's present revenue and assets information for the Group's geographical segments:

	2025 RMB	2024 RMB
<u>Revenue from external customers</u>		
The PRC	39,593,453	30,901,861
Australia	11,724,181	15,339,383
USA	28,791,67	19,921,818
	<u>80,109,314</u>	<u>66,163,062</u>
<u>Segment assets</u>		
The PRC	69,318,064	89,113,621
Australia	13,378,845	15,871,895
USA	24,951,401	12,159,628
Hong Kong	129,753,629	54,543,344
Cambodia	22,721,084	-
Canada	4,002,693	18,172,136
	<u>241,404,632</u>	<u>189,860,624</u>

Condensed Notes to the Interim Consolidated Financial Statements
Three months ended March 31, 2025
(Unaudited)

9. Financial Risk Management

The main risks arising from the Group's financial instruments in the normal course of the Group's business are credit risk, liquidity risk, interest rate risk and currency risk.

These risks are limited by the Group's financial management policies and practices described below.

Credit risk

The Group's credit risk is primarily attributable to cash, and accounts and other receivables.

The carrying amounts of cash, short term investments, accounts receivable, and other receivables represent the Group's maximum exposure to credit risk in relation to its financial assets. The objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problems.

For accounts and other receivables, management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Most of these balances are due from state-owned enterprises or major customers with good repayment history. There has been no material credit defaults in the past.

Accounts receivables

The Group measures loss allowances for accounts receivable at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience indicates no significantly different loss patterns by customer segments, the grouping for accounts receivable for the assessment of ECLs is by past due days.

Expected loss rates are based on actual loss experience over the past three years. 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.

Expected credit losses for accounts receivable and other receivables are detailed in the respective notes to these consolidated financial statements. At the end of the reporting period, the Group has a concentration of credit risk of 26% (2023: 41%) of accounts receivable which was due from one customer (2023 : one customer).

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

Interest rate risk

The Group's interest rate risk arises primarily from bank borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively.

The Group's exposure to interest rate risks relates primarily to the Group's borrowings with a floating interest rate. The Group has not used any financial instruments to hedge potential fluctuations in interest rates.

Condensed Notes to the Interim Consolidated Financial Statements
Three months ended March 31, 2025
(Unaudited)

Currency risk

The Group is exposed to currency risk primarily through transactions that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily United States Dollar (USD) and Australian Dollar (AUD).

Most subsidiaries operate in Hong Kong and the People's Republic of China (PRC), with operating assets and transactions mainly denominated and settled in HKD and RMB, the functional currencies of these entities. A newly incorporated subsidiary in Cambodia has USD as its functional currency, while another subsidiary in Australia used AUD.

RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

The Group is exposed to currency risk primarily through transactions that are denominated in a currencies other than the functional currency of the entities to which they relate. The primary operations of the Group's subsidiaries are located in the PRC with most of the operating assets and transactions denominated and settled in Renminbi, which is the functional currency of the majority of the Group's subsidiaries. The entity does not have significant financial assets and liabilities or transactions denominated in currencies that are not the functional currency of the entities in which they relate. As a result, the Group does not have significant exposure to risk resulting from changes in foreign currency exchange rates.

Price risk

The Group is not exposed to any commodity price risk.

10. Capital Management

The Group's objective of managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. There have been no changes in management's process of managing capital nor in management's definition of what constitutes capital.

The capital structure of the Group consists of equity attributable to common shareholders of the Corporation.

Condensed Notes to the Interim Consolidated Financial Statements
 Three months ended March 31, 2025
 (Unaudited)

11. INTEREST IN SUBSIDIARIES

Particulars of the subsidiaries, of which all are limited liability companies, as at 31 December 2024 are as follows:

Name of Company	Country of incorporation and operation	Currency	Percentage of ordinary shares held by the Group (2024)		Percentage of ordinary shares held by the Group (2023)		Principal activity
			Directly	Indirectly	Directly	Indirectly	
Pearl River Plastics Limited ("PRPL")	BVI	HKD	100.0%		100.0%		Investment hold
Rodman Plastics Company Limited ("RPC")	Hong Kong	HKD		100.0%		100.0%	Investment hold
Rodman Enterprises Limited ("REL")*	Hong Kong	HKD		100.0%		100.0%	Trading in plastic products
Guangzhou Rodman Industrial Design Services Co. Ltd. ("GRIDS")	People's Republic of China	RMB		100.0%		100.0%	Trading in plastic products
Rodman International Limited ("RIL")	Hong Kong	HKD		100.0%		100.0%	Trading in plastic products
Guangzhou Rodman Plastics Company Limited ("GRPC")	People's Republic of China	RMB		64.0% (note 21)		64.0% (note 21)	Manufacturing and trading of plastic products
Rodman (CDA) Limited	Canada	CAD	100% (note 21)		N/A		Investment hold
Rodman CA (Cambodia) Ltd	Cambodia	USD		65%		N/A	Manufacturing and trading of plastic products
Glowpear Inc.	Canada	CAD	100%		N/A		Investment hold
Glowpear Pty Ltd	Australia	AUD		100%		N/A	Manufacturing and trading of plastic products

* In November 2022, REL signed an agreement with a non-controlling shareholder for the acquisition of the remaining 21% equity interest in RIL (note 26). The transaction will be completed in 5 transactions until June 30, 2025.

Condensed Notes to the Interim Consolidated Financial Statements
 Three months ended March 31, 2025
 (Unaudited)

12. SHARE CAPITAL

a) Authorized: Unlimited number of common shares without nominal or par value Unlimited number of first preferred shares, issuable in series Unlimited number of second preferred shares, issuable in series

b) Issued:

	2025		2024	
	Number of Common Shares	Amount RMB	Number of Common Shares	Amount RMB
Balance, beginning of and end of year	<u>27,309,927</u>	<u>52,242,949</u>	27,309,927	52,242,949

c) Weighted average number of shares:

The basic and diluted weighted average number of shares outstanding for the years ended 31 December 2024 and 2023 are 27,309,927.

d) Stock options

Under the Corporation's stock option plan, the aggregate number of common shares that may be reserved for issuance pursuant to options shall not exceed 10% of the outstanding common shares at the time of the granting of an option, less the aggregate number of common shares then reserved for issuance pursuant to any other share compensation arrangement. The exercise price per common share for option granted shall not be less than the market price. Every option shall have a term not exceeding and shall expire no later than ten years after the date of grant. The options granted under this plan may not be assigned or transferred. The Board of Directors shall determine the manner in which an option shall vest and become exercisable.

On December 17, 2024, 1,000,000 ten-year stock options were granted to directors and officer. The stock options vested immediately and have an exercise price of RMB 1.19 (CAD: \$0.23). The stock options were valued using the Black Scholes Model with a volatility of 131.59%, discount rate of 3.14% and 0% annual rate of dividends. Share based compensation of RMB 656,438 (2023: nil) has been recognized for the 2024 fiscal year.

As at December 31, 2024, there are 2,500,000 (2023: 2,820,000) stock options outstanding and exercisable at a weighted average price of RMB 1.19 (CAD: \$0.23) per share and have a weighted average life remaining of 7 years. During fiscal 2024, no (2023: 500,000) stock options were forfeited and 1,320,000 (2023: Nil) stock options expired unexercised.

As at December 31, 2023, there are 2,820,000 (2022: 3,320,000) stock options outstanding and exercisable at a weighted average price of RMB 1.35 (CAD: \$0.26) per share and have a weighted average life remaining of 5 years. During fiscal 2023, 500,000 (2022: nil) stock options were forfeited and no (2022: 1,730,000) stock options expired unexercised.

Condensed Notes to the Interim Consolidated Financial Statements
Three months ended March 31, 2025
(Unaudited)

13. RETAINED EARNINGS

Pursuant to People's Republic of China ("PRC") regulations, the Corporation is required to make appropriations to reserve funds, based on 10% of after tax net income determined in accordance with generally accepted accounting principles of the People's Republic of China (the "PRC GAAP") until such time as the reserve fund reaches 50% of the registered capital of the jointly controlled entity. According to the relevant PRC regulations, the reserve fund can be used to make up losses or to increase share capital. Except for the reduction of losses incurred, other usage should not result in the reserve fund falling below 25% of the registered capital of the jointly controlled entity. The reserve funds are established for covering corporate obligations in the event of business

liquidation. The reserve funds are recorded as part of retained earnings but are not available for distribution to shareholders other than in liquidation and may limit repatriation of invested capital.

14. ACQUISITION OF A SUBSIDIARY

On April 3, 2024, the Group entered into the Share Purchase Agreement with the shareholders of GLOWPEAR PTY LTD. ("Glowpear") pursuant to which the Group agreed to purchase all of the issued shares of Glowpear for a consideration of \$1.00 USD and forgiveness of loan of RMB 1,398,322.

15. SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

On June 30, 2025, the Company completed the acquisition of the remaining 21% non-controlling interest in RIL by making the final tranche payment of RMB 1,616,466 in accordance with the share purchase agreement.

In 2025, changes in U.S. government policy, including increased tariffs on imports from the People's Republic of China (PRC), pose significant risks and uncertainties for the Company. These tariff actions have materially increased the cost of goods exported to the United States, impacting production costs, supply chain dynamics, and customer pricing. The Company faces potential challenges such as elevated input costs, disruptions in supply chain availability, and reduced demand due to higher prices passed on to U.S. customers. These factors may adversely affect the Company's profit margins and market competitiveness. Management actively monitors tariff developments and their potential impact on operating results and financial position, incorporating these risks into forward-looking estimates and disclosures in the annual financial statements.

CORPORATE INFORMATION

DIRECTORS:

Jorge Enrique Autrique Ruix *
George W. Lunick
Imanol Belausteguigoitia Rius *
Casandra N. Lunick *

* Members of Audit Committee

OFFICERS:

Jorge Enrique Autrique Ruix
Chairman

George W. Lunick
President
Chief Executive Officer

Anne Dang
Chief Financial Officer

TRANSFER AGENT AND REGISTRAR:

Equity Transfer & Trust Co.
Calgary, Alberta

HEAD OFFICE:

495 Newbold Street
London, Ontario, N6E 1K4

(Hong Kong Office)
Suite 901, Kai Tak Commerical Building
317 & 319 Des Voeux Road
Central, Hong Kong

CANADIAN VENTURE EXCHANGE:

(Symbol "PRH")

BANKERS:

Bank of Montreal
London, Ontario

AUDITORS:

PKF Antares Chartered Accountants
Calgary, Alberta

SOLICITORS:

DLA Piper (Canada) LLP
Calgary, Alberta